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# INDIAN CHAMBER OF COMMERCE, CALCUTTA.

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## ANNUAL REPORT

OF THE

## COMMITTEE

FOR THE YEAR 1936.

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Published by  
THE SECRETARY, INDIAN CHAMBER OF COMMERCE,  
135, Canning Street, Calcutta.

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1937.

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**MEMORANDUM OF ASSOCIATION**  
**OF**  
**THE INDIAN CHAMBER OF COMMERCE, CALCUTTA.**

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(AS AMENDED BY SPECIAL RESOLUTIONS PASSED AND CONFIRMED AT  
THE SPECIAL GENERAL MEETINGS OF THE CHAMBER HELD ON THE  
25TH NOVEMBER AND 16TH DECEMBER 1932 RESPECTIVELY).

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1. The name of the Association is THE INDIAN CHAMBER OF COMMERCE, CALCUTTA.

2. The Registered Office of the Association will be situate in Bengal

3. The objects for which the Association is established are :—

(a) To promote and protect the trade commerce and industries of India, and in particular the trade, commerce and industries in or with which Indians are engaged or concerned.

(b) To aid and stimulate the development of trade, commerce and industries in India with capital principally provided by or under the management of Indians.

(c) To watch over and protect the general commercial interests of India, or any part thereof, and the interests of persons, in particular the Indians, engaged in trade commerce or industries in India.

(d) To consider all questions connected with trade, commerce and industries, and to initiate or support necessary action in connection therewith.

(e) To urge or oppose legislation and other measures and to procure change of law and practice affecting trade, commerce and industries in India, and in particular

those affecting trade, commerce and industries in which Indians are engaged, and

- \**(i)* To secure, wherever possible, organised and/or concerted action on all subjects involving the interests of members including "regulating conditions of employment of industrial labour" in various industries represented by the Chamber.
- \**(ii)* To nominate delegates and advisors, etc., to represent the employers of India at the International Labour Conference, League of Nations, International Chamber of Commerce and other Conferences and Committees affecting the interests of trade, commerce and industries whether as employers or otherwise.
- \**(iii)* To take up, consider, formulate and give effect to views on the subjects coming up before Conferences and Committees mentioned above.
- \**(iv)* To take all steps which may be necessary for promoting, supporting or opposing recommendations or conventions of the International Labour Conference and other Conferences and Committees referred to above.
- (f)* To communicate with Chambers of Commerce and other commercial and public bodies within or outside India and to concert or promote measures for protection of trade, commerce and industries, and persons engaged therein and in particular, the trade, commerce and industries in which Indians are engaged and the Indians engaged therein, either within or outside India.
- (g)* To collect and circulate statistics and other information relating to trade, commerce and industries.
- (h)* To adjust controversies between members of this Association.

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\*As added by a special Resolution passed and confirmed on the 25th November and 16th December 1932, respectively.

- (i) To arbitrate in the settlement of disputes arising out of commercial transactions between parties willing or agreeing to abide by the judgment and decision of the Tribunal of the Association.
- (j) To establish just and equitable principles in trade.
- (k) To form a code or codes of practice to simplify and facilitate transaction of business.
- (l) To maintain uniformity in rules, regulations and usages in the various branches of trade.
- (m) To promote and advance commercial and technical education and such study of different branches of Art and Science as may tend to develop trade, commerce and industries in India.
- (n) To encourage, assist and extend knowledge and information connected with trade, commerce and industries of India, whether by establishment and promotion of lectures, discussions or correspondence, by holding of conferences, by the formation of libraries, by the publication of newspapers, periodicals or journals, books and maps or by foundations and endowments of professorship, studentship or scholarship, or by encouraging research work, or howsoever otherwise.
- (o) To provide, regulate and maintain a suitable building or room or suitable buildings or rooms for a Commercial Exchange in Calcutta.
- (p) To provide rooms and other facilities for holding and conducting sales of property, brokerage and commercial transactions, meetings of creditors, companies and arbitrators and other like matters.
- (q) To establish and conduct in or in connection with any building or room, erected, provided, regulated or maintained by the Association for the purpose aforesaid, a restaurant for the use of the members of the Association and others resorting to such building or rooms for the negotiation and transaction of business.



- (r) To acquire, purchase, to take on lease or otherwise, land and buildings, and all other property moveable and immoveable, which the Association for the purpose thereof, may think proper to acquire.
- (s) To accept any bequest, gift, donation or subscriptions towards or to accumulate and provide a fund or an endowment, and to invest the same and apply the income arising therefrom, or to resort to the capital thereof for any of the objects of the Association.
- (t) To sell, improve, manage, develop, exchange, lease or let, under-lease or sublet, mortgage, dispose of, turn to account or otherwise to deal with all or any part of the property of the Association.
- (u) To construct upon any premises any building or buildings for the purpose of the Association and to alter, add to or improve any building upon such premises.
- (v) To invest the money and the property of the Association not immediately required for the purpose of its business upon such securities or in such manner as may from time to time be determined.
- (w) To borrow or raise any moneys required for the purpose of the Association upon such terms and in such manner and on such securities as may be determined and in particular, by the issue of debentures charged upon all or any of the property of the Association.
- (x) To aid and to receive aid from any other Society, Association, Company, Corporation, Firm, partnership or person promoting or formed or intended to promote any of the objects of the Association and to subscribe to or aid any such Society, Association, Company, Corporation, Firm, partnership or person with a view to obtain any advantage or benefit for the purposes of the Association and to subscribe to any fund or society as may be considered deserving from time to time.
- (y) To subscribe, to become a member of and co-operate with any other Association, whether incorporated or not,

whose objects are altogether or in part similar to those of this Association and to procure from and to communicate to any such Association, such information as may be likely to forward the objects of this Association.

- (z) To do all other things as may be conducive to the development of trade, commerce and industries, or incidental to attainment of the above objects or any of them.

4. The income and property of the Association, whensoever derived shall be applied solely towards the promotion of the Association as set forth in this Memorandum of Association and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend or bonus or otherwise howsoever by way of profit, to the persons who at any time are, or have been members of the Association or to any of them or to any person claiming through any of them. Provided that nothing herein contained shall prevent (1) the payment in good faith of remuneration to any officers or servants of the Association, or to any member thereof, or other person in return for any services actually rendered to the Association, or the payment of interest or money borrowed from any member of the Association; (2) any payment of allowance or concession to members by way of rebate or return of subscriptions in accordance with the regulations for the time being of the Association; (3) the gratuitous distributions among, or sale at a discount to members of the Association of any books or publications not required for the furtherance of any of its objects.

5. The fourth paragraph of this Memorandum is a condition on which a License is granted by the Local Government to the Association in pursuance of Section 26 of the Indian Companies Act, 1913.

6. If any member of the Association pays or receives any dividend, bonus, or other profit in contravention of the fourth paragraph of this Memorandum, his liability shall be unlimited. Except as above the liability of the members is limited.

7. Every member of the Association undertakes to contribute to the assets of the Association, in the event of the same being

wound up during the time that he is a member, or within one year afterwards, for payment of the debts and liabilities of the Association contracted before the time at which he ceases to be a member and costs, charges and expenses of winding up the same and for the adjustment of the rights of the contributories amongst themselves, such amount as may be required, not exceeding Rs. 25.

8. If, upon winding up or dissolution of the Association, there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the Association, but shall be given or transferred to some other institution or institutions having objects similar to the objects of the Association, to be determined by the members of the Association present at a general meeting at or before the time of the dissolution, and in default thereof by such judge of the High Court of Judicature in Fort William in Bengal as may have or acquire jurisdiction in the matter.

We, the several persons whose names and addresses are subscribed below, are desirous of being formed into an Association in pursuance of this Memorandum of Association.

---

No.	Names, addresses and descriptions of subscribers.
1	Faizulla Gangjee, 71, Canning Street, Calcutta, Merchant.
2	Anandji Haridas, 20, Durmahatta Street, Calcutta, Merchant.
3	A. C. Banerjee, 8B, Lalbazar Street, Calcutta, Merchant.
4	David S. Erulkar, 100, Clive Street, Calcutta.
5	Nand Lal Puri, 100, Clive Street, Calcutta.
6	D. P. Khaitan, 137, Canning Street, Calcutta.
7	N. C. Sircar, 9/3, Clive Street, Calcutta, Merchant.

*Dated the 15th December, 1926.*

Witness to the above  
Signatures.

}

M. P. GANDHI,  
135, Canning Street, Calcutta.



# ARTICLES OF ASSOCIATION

## OF

### THE INDIAN CHAMBER OF COMMERCE, CALCUTTA.

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(AS AMENDED BY SPECIAL RESOLUTIONS PASSED AND CONFIRMED AT THE SPECIAL GENERAL MEETINGS OF THE CHAMBER HELD ON THE 19TH AUGUST AND 6TH SEPTEMBER 1929, 25TH NOVEMBER AND 16TH DECEMBER 1932, AND 25TH FEBRUARY AND 13TH MARCH 1936).

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*Registered under the Indian Companies Act (VII of 1913).*

1. In the Articles, unless there be something in the subject or context inconsistent therewith,

“The Chamber” means “The Indian Chamber of Commerce, Calcutta” incorporated under the provisions of the Indian Companies Act, 1913.

“Member” means a member of the Chamber including a member provisionally elected.

“General Meeting” means a general meeting of the Chamber.

“The President” means the President of the Chamber.

“The Vice-President” means one of the Vice-Presidents of the Chamber competent to act under these Articles.

“The Committee” means the Committee of the Chamber elected under these Articles.

“The Secretary” means the Secretary to the Chamber.

“Indian” for the purpose of these Articles shall include any person of Indian descent in the male line born, naturalised or domiciled in India or in any of the Indian states or any such person who is a child or grandchild of any such person.

2. For the purpose of registration, the Chamber is declared to consist of 500 members.

3. The Committee may, when they think fit, register an increase of members.

4. The Chamber is established for the purpose expressed in the Memorandum of Association.

### **Members.**

5. Every individual, firm, joint-stock company or other corporation, who or which signed the application form issued in the name of the Chamber up to 30th January, 1926, and has his or their name entered to the register of members, shall *ipso facto* and without election be a member of the Chamber and have his or their name entered in the register of members.

6. Merchants, bankers, ship-owners, representatives of commercial, transport or insurance companies, brokers and persons engaged in commerce, agriculture, mining or manufacture, and persons engaged in or connected with art, science or literature, who are Indians, shall be eligible for election as members of the Chamber.

\*7. Any firm, joint-stock company or other corporation engaged in or connected with commerce, agriculture, mining or manufacture shall be eligible for election, as a member of the Chamber in their conventional or corporate name, provided that when applying for election, in the case of a firm not less than one half of the proprietary interest thereof is represented by an Indian or Indians and in the case of the joint-stock company and other corporation not less than one half of the directors are Indians or not less than one half of its capital is owned by Indians. Provided however notwithstanding anything hereinbefore contained any company or other corporation which is a public utility concern in India shall be eligible for election as a member of the Chamber. Any firm, company or corporation being a candidate for election as a member of the Chamber shall send with the proposal form, provided for by Article 9 of these Articles, a declaration that it is eligible for election as a member of this Chamber.

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\*As amended at the Special General Meetings held on the 19th August and 6th September 1920,

8. Subject to the provisions and restrictions of these articles the rights and privileges of membership may, in the case of a firm elected in their conventional name as a member of the Chamber, be exercised by any partner in such firm or by such person authorised by power of attorney or letter of procuration or otherwise to the satisfaction of the Committee to sign the name of the firm or to sign such name per procuration and may, in the case of a joint-stock company or other corporation, elected in their corporate name as a member of the Chamber, be exercised by a Director, Manager, Secretary or any other responsible officer of the company or corporation or a person authorised by power of attorney to exercise the same or any other person who in the opinion of the committee, is competent to exercise the same on behalf of the company or corporation, subject nevertheless to the following reservations, namely:—

- (a) The representatives of a firm, joint-stock company or other corporation entitled under this Article to exercise the rights and privileges of membership must have their names registered in the books of the Chamber in order to exercise the aforesaid rights and privileges.
- (b) Notwithstanding the provisions of Article 6 of these Articles, a registered representative exercising the rights and privileges of membership in respect of a firm, company or corporation elected under the last preceding Article may be a person who is not an Indian.
- (c) For each act of exercise of the rights and privileges of membership by a firm, company or other corporation member, only one representative shall be recognised.
- (d) Only one registered representative of a firm, company, or other corporation members shall be entitled to attend a meeting of the Chamber and take part therein.

9. A candidate for election as a member of the Chamber, whether an individual, firm, joint-stock company or other corporation shall be proposed by one and seconded by another member, and may after previous circulation of his or their name among the members of the Chamber be provisionally elected by the Committee



and such election shall be subject to confirmation at an ordinary or special general meeting. The proposal form setting out such details as may be prescribed by the Committee from time to time shall be sent to the Secretary signed by the proposer and the seconder. A member provisionally elected by the Committee shall exercise the full rights and privileges of membership.

10. The Committee shall decide any question which may arise as to the eligibility or otherwise of a candidate for admission as a member of the Chamber and their decision shall be final and they shall not be bound to assign any reason for their action.

11. Except as hereinafter provided a firm shall not cease to be a member by reason only of a change in the constitution of the firm occasioned by the admission, retirement or death of a partner provided the business of the firm is continued in the conventional name in which such firm was elected a member.

12. A firm, joint-stock company or other corporation shall *ipso facto* cease to be a member of the Chamber upon any change being made in conventional or corporate name of the firm, company or corporation.

13. Any member may withdraw from the Chamber by giving two months' notice in writing to the Secretary of the intention of such member so to do and upon the expiration of the notice, such member shall cease to be a member of the Chamber.

14. A member shall cease to be a member of the Chamber :—

(a) In case a member is an individual, if he is an undischarged insolvent or if he is adjudged by a competent court to be of unsound mind or if he is convicted of an offence involving moral turpitude.

(b) In case of a firm, if it is dissolved or adjudged insolvent or the partners are convicted of offence involving moral turpitude.

(c) In case of a company, if it is wound up.

15. An annual subscription of Rs. 100 shall be paid by each member of the Chamber whose registered address is within the local jurisdiction of the Calcutta, Howrah, Baranagor and Tollygunge

Municipalities and Rs. 50 by other members. All members elected after the 30th of June shall pay one half of the above amount for the remainder of the year. The first subscription of each new member shall be due on election and all other subscriptions shall be due on 1st of January each year and shall be paid in one instalment.

16. A majority of three-fourths of the members present in a meeting and entitled to vote may by a resolution remove from the list of members the name of any member or refuse to confirm his or their provisional election by the Committee. Any such person, firm, company, or corporation shall, from the passing of such resolution, cease to be a member of the Chamber or to exercise the rights and privileges of membership as the case may be.

17. Any member, who shall by any means cease to be a member, shall remain liable for and shall pay to the Chamber, all moneys which at the time of such member ceasing to be a member, may be due from such member to the Chamber.

18. Any member whose subscription shall be three months in arrears and who shall not pay such arrears within two months after written notice calling for such payment, shall cease to be a member. Such notice shall be issued by the Secretary to a member under the express direction of the Committee.

19. The Committee may invite any person being a Government official connected with trade, commerce or industries, or a person distinguished in public service at a meeting of the Chamber or of the Committee, as they may think fit from time to time.

### **Register of Members.**

20. A register of members shall be maintained in which shall be entered such information about the members as the Committee may from time to time decide.

### **Administration.**

21. The administration of the affairs of the Chamber shall be vested in a body hereinafter called the Committee.

\*22. There shall be the following officers of the Chamber, namely, a President, two Vice-Presidents, ordinary members of the Committee and a Secretary. There may also be an Assistant

Secretary. The officers of the Chamber, with the exception of the Secretary and the Assistant Secretary (if any) shall act without remuneration.

\*23. The Committee shall consist of the President, the two Vice-Presidents of the Chamber, and 18 ordinary members, but the Committee may also elect an economist or an expert in some special subject, as an additional member of the Committee. The person so elected need not be a member of the Chamber. Such person will have the same privileges in the Committee as the members of the Committee otherwise elected. Such person may be elected by the Committee either for a temporary period or for a period not extending beyond the date of the next Annual General Meeting when the Committee of the Chamber is elected.

24. The first Committee of the Chamber shall be composed of the following members :

**President.**

1. Mr. G. D. Birla (Birla Brothers, Ltd.)

**Senior Vice-President.**

2. Mr. Anandji Haridas (Anandji Haridas & Co.)

**Vice-President.**

3. Rai A. C. Banerjee Bahadur (A. C. Banerjee & Co.)

**Committee.**

4. Mr. D. S. Erulkar (Scindia Steam Navigation Co., Ltd.)
5. „ N. Rajabally (Himalaya Assurance Co., Ltd.)
6. „ K. J. Purohit (Batliboi & Purohit.)
7. „ Nagarmall Bajoria (Soorajmull Nagarmull.)
8. „ Nand Lal Puri (Central Bank of India, Ltd.)
9. „ A. N. Palit (Calcutta Soap Works, Ltd.)

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\*As amended at the Special General Meetings on the 25th November and 16th December, 1932.

10. Mr. Ranglal Jajodia, M.L.A., (Jajodia Cotton Mills, Ltd.)
11. ,, D. P. Khaitan, M.L.C., (Kesoram Cotton Mills, Ltd.)
12. ,, Ghansyamdas Jagnani (Nopechand Magniram.)
13. ,, Ram Kumar Poddar (Ram Kumar Shewchandray).
14. ,, A. L. Ojha (Khengarjee Amritlal & Co.)
15. ,, G. P. Dutia (Mooljee Jaitha & Co.)
16. ,, Faizullabhai Gangjee (Gangjee Sajun & Co.)
17. ,, E. P. Guzder (P. E. Guzder & Co.)
18. ,, N. C. Sircar (Kerr Tarruck & Co.)

§25. The President, Vice-Presidents and ordinary members of the Committee shall retire at each Annual General Meeting, and shall be eligible for re-election, provided that no person shall be elected as the President for any two consecutive terms.

\*26. If the President, a Vice-President or any ordinary member of the Committee do not attend 10 consecutive meetings of the Committee, the Committee shall declare his office vacant, and he shall thereupon cease to be a member of the Committee.

### **Election.**

27. At each Annual General Meeting there shall be elected the President, Vice-Presidents and such ordinary members of the Committee as can be elected according to article 28.

\*\*28. The election of the President, Vice-Presidents and ordinary members of the Committee shall be determined by a majority of votes of the members of the Chamber to be taken by voting cards, as hereinafter described. Provided that ten ordinary members of the Committee shall be elected to represent ten specific trades to be

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§As amended at the Special General Meetings held on 25th February and 13th March, 1936.

\*As amended at the Special General Meetings on 19th August and 6th September, 1929,

\*\*As amended at the Special General Meetings on 25th November and 16th December, 1932,

elected by reason of importance or minority and further, such a number (not exceeding four) shall be elected by the other elected members of the Committee, as shall be determined from time to time by bye-laws† made under this Article by the members of the Chamber. Such bye-laws may be added to, altered or rescinded by the Chamber in General Meeting by passing an Extraordinary Resolution within the meaning of the Indian Companies' Act.

29. At least one month before the date of the Annual General Meeting, not being later than 15th January in each year, the Secretary shall issue a notice inviting the members to communicate their intention to serve as the President, a Vice-President or an ordinary member of the Committee, to be elected by the members of the Chamber and the members shall within seven days from the date thereof write to the Secretary intimating their intention.

30. The Secretary shall cause to be entered names of all such persons who have communicated their candidature for election as the President, a Vice-President or an ordinary member of the Committee to be elected by the members of the Chamber in the voting papers which shall be sent to the members, signed and numbered by him, clear fourteen days before the date of the Annual General Meeting. The members shall return the voting papers to the Secretary clear seven days before the date of the Annual General Meeting, after which no voting paper shall be received.

31. On the return of the voting papers to the Secretary, each paper shall be examined by two members, (not being candidates for election as member of the Committee) who shall be appointed by the Committee as scrutinisers. Of the candidates for election as the President and Vice-Presidents, the candidate securing the highest number of votes shall be elected as the President and the candidates securing the next two largest number of votes shall be elected as the senior Vice-President and the Vice-President of the Chamber respectively. The election of the ordinary members of the Committee to be elected by the members of the Chamber shall be determined by a majority of votes secured by the candidates seeking such election as ordinary members. The reports of the scrutinisers shall be published by the Secretary at least three clear days before the date of the Annual General Meeting.

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† *Vide* page xxv.

32. Any vacancy occurring in the office of the President, Vice-Presidents or an ordinary member of the Committee during the interval between two Annual General Meetings shall be filled up by the Committee in such manner as they may decide.

### **Auditor.**

33. At each Annual General Meeting an Auditor shall be appointed according to the provisions of the Indian Companies Act.

### **President.**

34. The President shall preside at all meetings of the Committee, at all general meeting and lead all deputations. He shall preside at the Annual General Meeting, may address the members on such subject as he may deem proper, but such address shall not be taken to represent the views of the Chamber or of the Committee unless such representation is expressly indicated.

35. The President shall also, at any time when he shall deem proper, communicate to the Chamber or to the Committee such matters and shall make such suggestions as may, in his opinion, tend to promote the prosperity and welfare and increase the usefulness of the Chamber, and shall perform such other duties as may be incidental to the office of President.

### **Vice-President.**

36. The senior Vice-President in the absence of the President, shall have the powers and perform the duties of the President. In the absence of both the President and the senior Vice-President, the powers and duties of the President shall be exercised and discharged by the other Vice-President.

### **The Committee.**

37. The Committee shall meet at such times, as they or the President may deem advisable, and make such regulations as they think proper as to the summoning and holding of meeting of the Committee, and for the transaction of business at such meetings, and the record of their proceedings shall be open to the inspection of the members subject to such regulations as the Committee may from time to time deem expedient to make.

38. The President and in his absence the senior Vice-President shall be the *ex-officio* Chairman of the Committee. In the absence of both, the other Vice-President shall act as Chairman.

39. Five Members of the Committee shall form a quorum for the transaction of business, provided however that at any adjourned meeting of the Committee any number of members, not less than 3, may proceed to transact the business.

40. A yearly report of the proceedings of the committee shall be prepared, printed and circulated for the information of the members of the Chamber, at least three days previous to the Annual General Meeting. Such report shall be submitted to the Annual General Meeting for adoption.

41. The management of the business and funds of the Chamber shall be vested in the Committee. In addition to the powers by these Articles expressly conferred upon them, the Committee shall be entitled to exercise all such powers and do all such acts and things as may be exercised or done by the Chamber including the carrying out of all the objects of the Chamber as set forth in the Memorandum of Association, provided that any of them is not hereby or by law expressly directed or required to be exercised or done by the Chamber in a General Meeting.

42. Without prejudice to the generality of the powers conferred by Article 41 hereof, the Committee shall have power—

(a) To make, vary and repeal rules for the regulation of the business of the Chamber, of the officers or servants or of the members of the Chamber or of any department or section of the Chamber.

(b) To appoint any departmental Committees or Sub-Committees of the members of the Committee or the Chamber; such departmental Committees or Sub-Committees may be permanent or temporary as the Committee may determine.

(c) To delegate, subject to such conditions as they think fit, any of their powers to departmental Committees or

Sub-Committees, and to make, vary and repeal rules for the regulation of the proceedings of departmental Committees or Sub-Committees.

- (d) To enter into arrangements upon such terms and subject to such conditions as the Committee may deem desirable for working in connection with any Association organised for the protection or better development of any branch of trade, commerce or manufacture by Indians or with like objects that may apply to be allowed to work in connection with the Chamber, provided the objects for which such Association is or shall be formed are not inconsistent with the objects of the Chamber as defined in its Memorandum of Association.
- (e) To make such rules as the Committee may consider expedient for the regulation of the joint working of the business of any Association connected with the Chamber or for the purpose of defining the terms and conditions or the joint working of the business of such Association or as may from time to time be agreed upon between such Association and the Committee.
- (f) To appoint and from time to time remove such clerks and servants in the employ of the Chamber as the Committee will think fit and to fix the remuneration to be paid.

### **Secretary.**

43. The Secretary shall devote himself entirely to the business and affairs of the Chamber except in cases where he has received the special permission of the Committee. He shall have charge of all correspondence and shall keep an account of the funds of the Chamber and of funds connected with or in any way controlled by the Chamber and of all moneys received and spent by the Chamber and of the assets, credits and liabilities of the Chamber. He shall keep accurate minutes of all meetings of the Chamber and of the



Committee, of the Departmental Committees and Sub-Committees, and of all Associations connected with the Chamber. He shall have the care of the rooms, furniture, library, pictures and of all documents belonging to the Chamber. He shall give notice of all meetings of the Chamber, of the Committee, of the Departmental Committees and Sub-Committees of the Chamber and of all Associations working in connection with the Chamber. He shall duly notify members of their election, shall countersign all cheques signed by the President or any Chairman of an Association, fund or Committee, shall collect all dues of the Chamber and grant receipts. He shall endorse all cheques, dividend warrants and other negotiable instruments. He shall institute, prosecute and defend suits and other proceedings in which the Chamber may be concerned. He shall prepare the annual report of the Chamber under the guidance of the Committee and the report of all Committees and all Associations connected with the Chamber and generally shall perform all such duties as are incidental to his office.

### **Assistant Secretary.**

44. The Assistant Secretary, in the absence of the Secretary, shall perform all or any of the duties of the Secretary and such of the duties of the Secretary as may be assigned to him from time to time by the Secretary with the sanction of the Committee.

### **Auditor.**

45. The Auditor shall audit the accounts of the Chamber, of Departments of the Chamber and of all funds connected with or controlled by the Chamber.

### **General Meeting.**

46. General meetings shall be held in the month of February in every year at such place as the Committee may consider convenient for the despatch of business, at which a report of the proceedings of the Committee and the yearly accounts shall be submitted for confirmation. Such meetings shall be called the Annual General Meetings.

47. The Committee may, whenever they think fit, convene a Special General Meeting either for purpose of transacting any

special business or for placing before the members of the Chamber a review of their activity in the preceeding months.

48. A Special General Meeting shall be convened by the Committee upon the requisition of not less than one-tenth of the members of the Chamber subject to a minimum of ten. The requisition so made shall express the object of the special General Meeting proposed to be called and shall be presented to the Secretary.

49. Upon the receipt of a requisition under the last preceding Article, the Committee shall forthwith proceed to convene a Special General Meeting. In case the Committee for ten days after the delivery of such requisition fail to convene a Special General Meeting to be held within twenty one days of such delivery, the requisitionists may themselves convene meeting to be held within six days after such delivery. If for consideration of any matter notices longer than seven clear days are required, such longer time shall be added to the several periods mentioned above.

50. Notice of seven clear days shall be given of a Special General Meeting convened to place before the members a review of the activity of the Committee or to consider any important matter on which the Committee may desire to consult the members; longer notices of not less than clear fourteen days shall be given of Special General Meeting convened for other purposes as may from time to time be determined by the Committee.

\*51. Notwithstanding the provisions of the last preceding Article and subject to the provisions of the Indian Companies' Act, 1913, as to the power to alter regulations by special resolution, forty-five days' notice at the least specifying the place, the day and the hour of the meeting and the nature of the special business, shall be given of any Special General Meeting convened to revise, alter or amend the regulations of the Chamber as contained in these Articles of Association.

52. The non-receipt of a notice convening any General Meeting by any member shall not invalidate the proceedings at any such meeting.

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\*As amended at the Special General Meetings on 19th August and 6th September 1929.

53. Twenty members present and entitled to vote at an Annual General Meeting shall constitute a quorum, but at any Special General Meeting twenty-five members present and entitled to vote shall constitute a quorum. Any person representing different members shall be counted as many times as the number of members he represents.

54. If within half-an-hour from the time appointed for a Special General Meeting a quorum of members is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case the meeting shall stand adjourned to the same day in the following week at the same time and place and if at such adjourned meeting the quorum of members is not present, the business on the agenda shall be transacted by the members present whatever be their number.

55. The Chairman may with the consent of the meeting adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

56. Every question submitted to a General Meeting shall be decided by a majority of members present and voting at such meeting.

### **Votes of Members.**

57. Every member shall have one vote. In case of an equality of votes, the President shall exercise a casting vote.

### **Notices.**

58. A notice may be served upon any member either personally or by sending it through the post in a prepaid letter addressed to such member at such member's registered address.

### **Funds.**

59. The funds of the Chamber shall be deposited in an approved bank and such part thereof as shall not be required for

current expenses may at the direction of the Committee be invested in securities; such securities shall not be sold or dealt with except at the direction of the Committee. The account with the bank shall be operated upon by cheques signed by the President or either of the Vice-Presidents and countersigned by the Secretary.

### **Seal.**

60. The Committee shall forthwith provide a common seal for the Chamber. The seal shall be deposited with the Secretary and shall never be affixed to any document except in the presence of the President or Vice-President and in pursuance of a resolution of the Committee or of the Chamber in General Meeting. Deeds, bonds and other documents required to be made under seal shall be deemed to have been duly executed on behalf of the Chamber if sealed with the common seal of the Chamber and signed by the President or Vice-President and countersigned by the Secretary or the person acting as Secretary.

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## INDIAN CHAMBER OF COMMERCE, CALCUTTA.

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### Bye-Laws made under Article 28 of the Articles of Association of the Chamber.

(AS AMENDED BY SPECIAL RESOLUTIONS PASSED AND CONFIRMED AT THE SPECIAL GENERAL MEETINGS OF THE CHAMBER HELD ON THE 25TH NOVEMBER, AND 16TH DECEMBER, 1932.)

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\*1. There shall be one member of the Committee to represent each of the following interests :—

- |                                  |                            |
|----------------------------------|----------------------------|
| 1. Finance.                      | 6. Coal.                   |
| 2. Insurance.                    | 7. Transport.              |
| 3. Produce.                      | 8. Hardware & Engineering. |
| 4. Jute & Jute Manufactures.     | 9. Salt and Chemicals.     |
| 5. Cotton & Cotton Manufactures. | 10. Rice.                  |

2. After the notice has been issued by the Secretary inviting the members to communicate their intention to serve as ordinary members of the Committee under provisions of Article 29 of the Articles of Association, such members as are willing to be elected to the Committee as representative of one of the aforesaid interests shall within the prescribed period write to the Secretary intimating their intention.

3. The Committee shall decide if any member offering himself for election as a representative of particular interest under provisions of Bye-law 2 actually represents the same. The Committee

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\*As amended at the Special General Meetings held on 25th November and 16th December, 1932.

shall have the right to reject any such offer and the decision of the Committee shall in this respect be final, provided that on such rejection the member offering himself for such election shall be deemed to have offered himself for election to a seat not reserved for representation of specific interests.

4. The voting cards issued by the Secretary under provisions of Clause 30 of the Articles of Association shall clearly indicate the members who are seeking election to the Committee as representing any of the specified interests and a vote shall be recorded by the members of the Chamber in respect of one but not more than one of the candidates seeking election as a representative of each specific interest.

\*5. The number of members of the Committee to be elected by the other elected members of the Committee, as provided for in Article 23 of the Articles of Association, shall be four.

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\*As amended at the Special General Meetings held on the 25th November and 16th December, 1932,

**Rules framed by the Committee of the Indian Chamber of Commerce, Calcutta, on 28th January 1927, governing the election of Commissioners by the Chamber to the Calcutta Port Trust under provisions of Article 42(a) of the Articles of Association of the Chamber.**

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1. As soon as possible after the Chamber has been called upon to elect a Commissioner or Commissioners to the Calcutta Port Trust whether such election becomes necessary either for the initial or periodical constitution of the Trust under the provisions of the Calcutta Port Act, 1890 as amended by the Calcutta Port Act, 1926 or with a view to filling any casual vacancy, the Committee shall authorise the Secretary or such other person as the Committee may think fit to issue a notice inviting members to communicate their intention to offer themselves for election. Such intention shall be communicated by the members offering themselves for election within 7 clear days from the date of issue of the notice.

2. After the candidatures for election have been received from the members by the Secretary, the same shall be laid before the Committee who shall determine whether the persons seeking election, as a Commissioner by the Chamber are eligible for such election, having regard to the provisions of Article 8 of the Articles of Association of the Chamber.

3. After the candidatures for election have been scrutinised by the Committee as indicated in Rule 2 above, if it is found that the number of candidates for election exceeds the number of vacancies, the Secretary shall send the names of such candidates to each member of the Chamber at least 10 clear days before the date of election. The Secretary shall also issue to each member of the Chamber a voting page signed and numbered by him. The members shall sign and return the voting papers addressed to the scrutinisers appointed (under rule 4) in sealed envelopes not later than by 4 P.M. of the day preceding the date of election.

4. The Committee of the Chamber shall appoint one or more scrutinisers for the scrutiny of voting papers at least 10 clear days before the date fixed for the election. The scrutiniser or scrutinisers so appointed shall scrutinise the voting papers on the date fixed for



election and shall declare the result forthwith after scrutiny is completed.

5. The candidate or candidates not exceeding the number to be elected securing the largest number of votes shall be declared duly elected.

6. In the event of an equality of votes preventing the due election of any of the candidate or candidates, the members shall vote afresh in the manner indicated above in respect of the candidates having an equal number of votes.

7. If the number of candidate or candidates for election shall be the same as the number of vacancies, the candidate or candidates shall be declared to be duly elected by the Committee of the Chamber.

8. The names of the person or persons declared elected under Rule 5 or 7 above shall be communicated by the Secretary to the proper authority as early as practicable after the election.

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# **LIST OF MEMBERS OF INDIAN CHAMBER OF COMMERCE, CALCUTTA.**

**(Arranged alphabetically)**

**1937.**

A	B
Abdoolabhoy Lalljee & Co., 55, Canning Street, Calcutta.	Anandji Haridas & Co., Ltd., Meerbohur Ghat Street, Lohapatty, Calcutta.
Abdool Razak Hajee Abdool Sattar, 25, Harinbari Lane, Calcutta.	Anandram Gajadhar, 1, Noormull Lohia Lane, Calcutta.
Abraham, P. G. Galstaun Mansions, Park Street, Calcutta.	Asian Assurance Co., Ltd., The 8, Dalhousie Square, Calcutta.
Adamjee Jute Mills, Ltd., Stephen House, Dalhousie Square, Calcutta.	Babulal and Co., Ltd. 13, Syed Salley Lane, Calcutta.
Adamjee Hajee Dawood & Co., Ltd., Stephen House, 4, Dalhousie Square, Calcutta.	Bagaria, Hanuman Prosad, 7, Lyons Range, Calcutta.
Agarwalla, Heeralal & Co., 4, Hare Street, Calcutta.	Baldeo Singh, Proprietor, Indian Steel and Wire Products, E. I. Ry. Works P. O., (Tatanagar.)
Alembic Chemical Works Co., Ltd. 1, Stephen House, 5, Dalhousie Square, Calcutta.	Bank of India, Ltd., The 9, Clive Street, Calcutta.
Allahabad Glass Works, Ltd., Naini P. O., Allahabad.	Bangodaya Cotton Mills, Ltd., The 7, Council House Street, Calcutta.
All India Tea & Trading Co., Ltd., P. O. Sylhet, Assam.	Batliboi & Purohit, Lindlie Chambers, 6, Hastings Street, Calcutta.
Anandji & Co. 40, Ezra Street, Calcutta.	Batliboi, S. R. & Co., 1/B, Old Post Office Street, Calcutta.
	Basanti Cotton Mills, Ltd., 3, Lyons Range, Calcutta

Bedi, Ladhasingh & Sons,  
4, Dalhousie Square,  
Calcutta.

Behar Firebricks & Potteries.,  
Ltd.,  
3/1, Bankshall Street,  
Calcutta.

Bengal Bus Syndicate,  
1-C, Chowringhee,  
Calcutta.

Bengal Chemical &  
Pharmaceutical Works, Ltd.,  
31, Chittaranjan Avenue,  
Calcutta.

Bengal Investment Co., Ltd.,  
8, Royal Exchange Place,  
Calcutta.

Bengal Nagpur Railway Co.,  
Ltd.,  
Kidderpore House,  
Kidderpore.

Bengal Potteries, Ltd.,  
45, Tangra Road,  
Calcutta.

Bharat Glass Works,  
107, Dum-Dum Road,  
Ghughudanga P. O.  
(24-Parganas).

Bharat Insurance Co., Ltd.  
Bharat Bhawan,  
Central Avenue, Calcutta.

Bharat Sugar Mills, Ltd.,  
8, Royal Exchange Place,  
Calcutta.

Billimoria, S. B. & Co.,  
100, Clive Street,  
Calcutta.

Birla Brothers, Ltd.,  
8, Royal Exchange Place,  
Calcutta.

Birla Jute Manufacturing Co.,  
Ltd.  
8, Royal Exchange Place,  
Calcutta.

Birla Cotton Spinning &  
Weaving Mills, Ltd.,  
8, Royal Exchange Place,  
Calcutta.

Borrooah, P. C. Bros.  
P. O. Sibsagar,  
Assam.

British India General Insurance  
Co., Ltd.,  
Norton Building,  
Calcutta.

Budh Singh, Rai Bahadur,  
74/1, Clive Street,  
Calcutta

Budridas Fulchand,  
78, Clive Street,  
Calcutta.

Bugra, Bhugat Singh & Co.,  
5, Royal Exchange Place,  
Calcutta.

## C

Calcutta Jute Manufacturing  
Co., Ltd., The  
4, Lyons Range,  
Calcutta.

Carlsbad Mineral Water Mfg.  
Co., Ltd.,  
14, Watkins Road,  
Howrah.

Central Bank of India, Ltd., The  
100, Clive Street,  
Calcutta.

Chakravarti, S. K. Ltd.,  
1/1B, Mission Row,  
Calcutta.

Chaliha, G. P.  
Sibsagar, Assam.

Chatterjee, P.,  
7, Grastin Place,  
Calcutta.

Chhajuram & Sons,  
97, Clive Street,  
Calcutta.

Chimanlal Vadilal & Co.,  
38, Armenian Street,  
Calcutta.

Chitpur Jute Press, Ltd.,  
8, Royal Exchange Place,  
Calcutta.

Chokhany, Ramdev,  
7, Lyons Range  
Calcutta.

Concord of India Insurance  
Co., Ltd., The  
8, Clive Row,  
Calcutta.

D

Dalchand Bahadur Singh,  
48, Gariahat Road,  
Ballygunge, Calcutta.

Dandeker, S. B. & Co.,  
18, Parsee Church Street,  
Calcutta.

Das & Co.,  
22, Canning Street,  
Calcutta.

Dass Bros.,  
37, Strand Road,  
Calcutta.

Daulatram Rawatmull,  
178, Harrison Road,  
Calcutta.

Dharamsey Match Co.,  
19, Dum-Dum Road,  
(24-Parganas).

Dinshaw & Sorabji,  
Scaldah Station,  
Calcutta.

Dossani Film Corporation,  
7, Colootola Street,  
Calcutta.

E

East Indian Railway,  
105, Clive Street,  
Calcutta.

Eastern Bengal Railway,  
3, Koila Ghat Street,  
Calcutta.

Eastern Federal Union  
Insurance Co., Ltd., The  
9, Clive Street,  
Calcutta.

Empire of India Life Assurance  
Co., Ltd.,  
28, Dalhousie Square,  
Calcutta.

Essack, A. H. P.,  
1, Amratolla Lane,  
Calcutta.

G

Gagalbhai Jute Mills Ltd.,  
11, Clive Street,  
Calcutta.

Gangjee Sajun & Co.,  
11, Clive Street,  
Calcutta.

Garage (Calcutta) Ltd., The  
10, Central Avenue,  
Calcutta.

Gilooram Gaurishankar,  
29, Banstolla Street,  
Calcutta.

Gobind Rice Mills,  
8, Royal Exchange Place,  
Calcutta.

Godrej & Boyce Manufg. Co., Ltd.,  
102, Clive Street,  
Calcutta.

Gopalpur Tea Co., Ltd.,  
Gopalpur House,  
Jalpaiguri.

Govil India Corporation, Ltd.  
10, Chowringhee Road,  
Calcutta.

Gupta, S. K.,  
55, Canal East Road,  
Beliaghata, Calcutta.

Gurmukhrai Radhakrishna,  
161/1, Harrison Road,  
Calcutta.

### H

Hajee Habib Hajee Pirmohamed,  
25, Amratola Street,  
Calcutta.

Hajeebhoy Aden Salt Works,  
Ltd.,  
12, Dalhousie Square,  
Calcutta.

Harivallabhdas Kalidas,  
5, Lucas Lane, Calcutta.

Hassam Premjee,  
29/1, Armenian Street,  
Calcutta.

Himalaya Assurance Co.,  
Ltd., The  
4, Dalhousie Square,  
Calcutta.

Himatsingka, Prabhudayal  
& Co., Ltd.  
6, Old Post Office Street,  
Calcutta.

Hindu (Madras), The  
Grosvenor House,  
21, Old Court House St., Cal.

Hindusthan Construction Co., Ltd.,  
100, Clive Street,  
Calcutta.

Hoosen Kasam Dada,  
26, Amratolla Street, Cal.

Howrah Flour Mills, Ltd.,  
Howrah.

Hukumchand Electric Steel, Co.,  
Ltd.,  
30, Clive Street,  
Calcutta.

Hukumchand Insurance, Co.,  
Ltd.,  
30, Clive Street,  
Calcutta.

Hukumchand Jute Mills, Ltd.,  
30, Clive Street, Calcutta.

Hukumchand Life Assurance  
Co., Ltd.,  
30, Clive Street,  
Calcutta.

Hurising Nehalchand,  
2, Church Lane,  
Calcutta.

### I

India Electric Works, Ltd., The  
25, South Road,  
Entally P. O., Calcutta.

Indian Globe Insurance Co.,  
Ltd. The  
135, Canning Street,  
Calcutta.

Indian Hume Pipe Co., Ltd.,  
Natore Park,  
Ballygunge,  
P. O. Tiljala,  
Calcutta.

Indian National Airways, Ltd.,  
Jessore Road,  
Dum-Dum, Bengal.

Indian Shipping Co., Ltd., The  
8, Royal Exchange Place,  
Calcutta.

Indra Singh,  
Proprietor, Indian Steel and  
Wire Products,  
E. I. Ry. Works P. O.,  
(Tatanagar).

- Industrial and Prudential  
Assurance Co., Ltd., The  
12, Dalhousie Square,  
Calcutta.
- Ispahani M. M.,  
51, Ezra Street,  
Calcutta.
- J
- Jainarain Gangaprosad,  
29, Banstalla Street,  
Calcutta.
- Jaitha, Moolji & Co.,  
7, Pollock Street,  
Calcutta
- Jaitha, Pranjivan,  
48, Ezra Street,  
Calcutta.
- Jankidas Sewnarayan,  
48, Canning Street,  
Calcutta.
- Jankidas Subhkaran,  
29/1, Armenian Street,  
Calcutta.
- Jhagrakhand Colliery Co.,  
48, Gariahat Road,  
Ballygunge, Calcutta.
- Jiwanram Sewbux,  
180, Harrison Road,  
Calcutta.
- Jiyajeerao Cotton Mills, Ltd.,  
8, Royal Exchange Place,  
Calcutta.
- Joharmull Gambhirmull,  
30, Clive Street,  
Calcutta.
- Jhunjhunwalla, Jagannath  
7, Lyons Range,  
Calcutta.
- Juggilal Kamlapat,  
Saharanmull, Cawnpore, U. P.
- Jupiter General Insurance Co.,  
Ltd., The  
7, Pollock Street, Calcutta.
- Jute and Gunny Brokers, Ltd.,  
8, Royal Exchange Place,  
Calcutta.
- Jute Investment Co. Ltd.,  
8, Royal Exchange Place,  
Calcutta.
- K
- Kalyanji Mavji & Co.,  
Industry Colliery,  
Jharia (Manbhum).
- Kalyanpur Lime Works, Ltd.  
17, Mangoe Lane,  
Calcutta.
- Kamla Mills Ltd.,  
42/1, Strand Road,  
145, Muktarām Babu St.,  
Calcutta.
- Kanoria & Co., Ltd.,  
8, Royal Exchange Place,  
Calcutta.
- K. P. V. Shaik Mohamed  
Rowthar,  
109, Angappa Naick Street,  
Madras.
- Kassim & Ismael,  
5/2, Garstin Place,  
Calcutta.
- Kedarnath Khandelwal & Co.,  
C/o. Calcutta Stock Exchange  
Association,  
7, Lyons Range  
Calcutta.
- Kesoram Cotton Mills, Ltd.,  
8, Royal Exchange Place,  
Calcutta.
- Khaitan, Debi Prasad,  
8, Royal Exchange Place,  
Calcutta.
- Khaitan Sons & Co.,  
43, Zakaria Street,  
Calcutta
- Khandelwal, H. P. & Co.,  
2, Royal Exchange Place,  
Calcutta.
- Kharwar, B. M.,  
Bangur Building,  
161/1, Harrison Road,  
Calcutta.
- Khas Jharia Colliery Co.,  
Jharia P. O.  
(Manbhum.)

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| <p>Khatau, Jethabhai &amp; Co.,<br/>37, Armenian Street,<br/>Calcutta.</p> <p>Khimjee, Jivandas,<br/>165, Lower Chitpur Road,<br/>Calcutta.</p> <p>Kripalani Bros.,<br/>21, Chowringhee Road,<br/>Calcutta.</p> <p>Kumararajah Muthiah Chettiar<br/>of Chettinad, B.A., M.L.C.,<br/>Natana Vilas,<br/>Vepry, Madras.</p> <p style="text-align: center;">L.</p> <p>Lakshmi Insurance Co., Ltd.,<br/>7, Esplanade East,<br/>Calcutta.</p> <p>Loyalka, G. D. &amp; Co.<br/>7, Lyons Range, Calcutta.</p> <p style="text-align: center;">M</p> <p>Mafatlal Gagalbhai,<br/>11, Clive Street,<br/>Calcutta.</p> <p>Mahaliram Ramjeedas,<br/>21, Rupchand Ray Street,<br/>Calcutta.</p> <p>Maneklal &amp; Co.,<br/>7, Lyons Range,<br/>Calcutta.</p> <p>Mehta, S. D. &amp; Co., Ltd.,<br/>Jharia,<br/>Manbhum.</p> <p>Mepa, Madhavjee,<br/>Kosonda &amp; Nayadee Collieries,<br/>P. O. Kusunda,<br/>(Manbhum).</p> <p>Mira,<br/>11, Clive Row,<br/>Calcutta.</p> <p>Modi, R. K.,<br/>23, Canning Street.<br/>Calcutta.</p> <p>Mohamed, C. A.,<br/>15, Synagogue Street,<br/>Calcutta.</p> | <p>Mohamed I. A. (India) Ltd.,<br/>109, Canning Street,<br/>Calcutta.</p> <p>Mohini Mills, Ltd., The<br/>Kushtia Bazar P. O.<br/>Nadia.</p> <p>Moolji Girdhardas &amp; Co.,<br/>5, Noormul Lohia Lane,<br/>Calcutta.</p> <p>More, Ramsahaimull,<br/>7/G, Clive Row, Calcutta.</p> <p>Moolji Sicka &amp; Co.,<br/>51, Ezra Street, Calcutta.</p> <p>Murarka &amp; Sons, Ltd.,<br/>10, Clive Row, Calcutta.</p> <p style="text-align: center;">N</p> <p>Narbheram &amp; Co.<br/>Via Tatanagar,<br/>Jamshedpur.</p> <p>Naresh Nath Mookerjee,<br/>29, Beniapooker Street<br/>Calcutta.</p> <p>Narottam, Ltd,<br/>100, Clive Street.<br/>Calcutta.</p> <p>National Fire &amp; General<br/>Insurance Co. Ltd.,<br/>7, Council House Street,<br/>Calcutta.</p> <p>National Insurance Co. Ltd.<br/>7, Council House Street,<br/>Calcutta.</p> <p>New India Assurance Co.<br/>Ltd., The<br/>9, Clive Street,<br/>Calcutta.</p> <p>Nursing &amp; Co.,<br/>Proprietors, The Tatanagar,<br/>Foundry Co.,<br/>Jamshedpur,<br/>B. N. Ry.</p> |
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## O

Ojha, A. L. & Co., Ltd.,  
11, Clive Street,  
Calcutta.

Ojha, N. H. & Co. Ltd.,  
37, Canning Street,  
Calcutta.

Oriental Government Security  
Life Assurance Co. Ltd., The  
2/3, Clive Row,  
Calcutta.

Oosman, Adam,  
8, Balai Dutt Street,  
Calcutta.

## P

Pabna Silpa Sanjibani Co., Ltd.,  
Pabna (E. B. Railway)  
N. Bengal.

Parakh, C. & Co.,  
11 Clive Street, Calcutta.

Pashari, Nandlal,  
155/B, Muktarani Babu Street,  
Calcutta.

Pathak, Purshottam, J.,  
C/o. Messrs. Jeewanlal (1929)  
Ltd.,  
101, Clive Street, Cal.

Pioneer Match Factory,  
74, Cross Street, Cal.

Pragdas Mathuradas,  
43, Strand Road, Cal.

Pragdas Girdhardas,  
43, Strand Road, Cal.

Purshotam Mathradas & Co.,  
Ltd.,  
38/B, Ezra Street, Cal.

Punjab National Bank, Ltd., The  
135-136, Canning Street,  
Calcutta.

## R

Radhakissen Santhalia,  
65, Pathuriaghata Street,  
Calcutta,

Rajgarhia Brothers. Ltd.,  
161, Muktarani Babu Street,  
Calcutta.

Ramkumar Kejriwal & Co.,  
7, Lyons Range,  
Calcutta.

Ramchandras Jhajharia,  
138, Harrison Road, Cal.

Ramprosad & Co.,  
14, Clive Street,  
Calcutta.

Ruby General Insurance  
Co., Ltd.,  
8, Royal Exchange Place,  
Calcutta.

Ruttonjee Bomanjee & Co.,  
24, Strand Road,  
Calcutta.

## S

Sadhuram Tularam,  
122, Old Ghusery Road,  
Ghusery, Howrah.

Saraogi, Devadutta & Son,  
63, Ezra Street,  
Calcutta.

Sen & Pandit,  
Mercantile Buildings,  
Lal Bazar St., Calcutta.

Sir Sarupchand Hukumchand  
& Co.,  
30, Clive Street, Calcutta.

Scindia Steam Navigation Co.,  
Ltd., The  
100, Clive Street, Calcutta.



Sewnarayan Golabrai,  
105, Cotton Street,  
Calcutta.

Shewnarayan Keshavdeo,  
18, Mullick Street,  
Calcutta.

Shree Hanuman Jute Mills, Ltd,  
61, Harrison Road,  
Calcutta.

Sindhi Merchants' Asscn.,  
7/1C Lindsay Street,  
Calcutta.

Soorajmull Nagarmull,  
61, Harrison Road,  
Calcutta.

Star Printing Works,  
30, Shibnarain Das Lane,  
Calcutta.

Sunderdas Thackersey & Bros.,  
1, Portuguese Church Street,  
Calcutta.

Surajmul Mohta & Co.,  
8, Royal Exchange Place,  
Calcutta.

#### T

Tarachand Ghanshyamdas, Seth  
Wallace House,  
4, Bankshall Street,  
Calcutta.

Tata Iron & Steel Co., Ltd., The  
Agent's Office,  
100, Clive Street,  
Calcutta.

Tata Sons, Ltd.,  
Bombay House, Fort, Bombay.

Tatanagar Foundry Co.,  
370, Upper Chitpore Road,  
Calcutta.

The Tatanagar Foundry Co.,  
Tatanagar,  
(B. N. Ry.)

Thacker, D. D., (Rao Bahadur),  
Post Box No. 159, Jharia.

Thakorlal Hiralal & Co.,  
9, Dalhousie Square,  
Calcutta.

Thandiram Surajmull,  
26, Banstolla Street,  
Calcutta.

Thanmull Chunilal,  
7, Sambhu Mullick Lane,  
Calcutta.

Thapar, Karamchand & Bros.,  
Ltd.,  
5, Royal Exchange Place,  
Calcutta.

#### U

Universal Fire & General Insu-  
rance Co., Ltd., The  
8, Royal Exchange Place,  
Calcutta.

Upper Ganges Sugar Mills, Ltd.,  
8, Royal Exchange Place,  
Calcutta.

Universal Trading Union,  
9, Dalhousie Square,  
Calcutta.

#### V

Vasanji Topan Madhowji & Co.,  
5/1, Portuguese Church Street,  
Calcutta.

Vulcan Insurance Co., Ltd.,  
135, Canning Street,  
Calcutta.

#### W

Western India Oil Distributing  
Co., Ltd.,  
4, Hare Street,  
Calcutta.

CLASSIFIED LIST OF MEMBERS OF INDIAN CHAMBER  
OF COMMERCE, CALCUTTA.

1937.

**Railways.**

(1) East Indian Railway; (2) Eastern Bengal Railway; (3) Bengal Nagpur Railway.

**Banks.**

(1) Central Bank of India, Ltd.; (2) Bank of India, Ltd.; (3) Punjab National Bank, Ltd.; (4) Rai Budh Sing Bahadur.

**Insurance Companies.**

(1) Oriental Government Security Life Assurance Co., Ltd.; (2) New India Assurance Co., Ltd.; (3) National Insurance Co., Ltd.; (4) Empire of India Life Assurance Co., Ltd.; (5) Jupiter General Insurance Co., Ltd. (6) Vulcan Insurance Co., Ltd.; (7) Universal Fire and General Insurance Co., Ltd.; (8) Himalaya Assurance Co., Ltd.; (9) British India General Insurance Co., Ltd.; (10) Hukumchand Insurance Co., Ltd.; (11) Lakshmi Insurance Co., Ltd.; (12) Industrial and Prudential Insurance Co., Ltd.; (13) Indian Globe Insurance Co., Ltd.; (14) Asian Assurance Co., Ltd.; (15) Eastern Federal Union Insurance Co., Ltd.; (16) Concord of India Insurance, Co., Ltd.; (17) Bharat Insurance Co., Ltd.; (18) Ruby General Insurance Co., Ltd.; (19) Rai Budh Sing Bahadur. (20) Abdoolabhoy Laljee & Co.; (21) Soorajmull Nagarmull.

**Cotton Mills & Hosiery Manufacturers.**

(1) Kesoram Cotton Mills Ltd.; (2) Mohini Mills Ltd.; (3) Jiyajerao Cotton Mills Ltd.; (4) Birla Cotton Spg. & Wvg. Mills; (5) Bangodaya Cotton Mills Ltd.; (6) Harivallabha Das Kalidas, Managing Agents, Ambica Mills Ltd., Ahmedabad; (7) Sir Sarupchand Hukumchand & Co., Managing Agents, Hukumchand Cotton Mills Ltd. Indore; (8) Tata Sons Ltd., Bombay, Managing Agents, Empress Cotton Mills Ltd., Nagpur; (9) Juggilal Kamlapat, Managing Agents, Juggilal Kamlapat Spg. & Wvg. Mills, Cawnpore; (10) Sewnarayan Keshawadeo, Managing Agents, Broach Cotton Mills, Broach; (11) Basanti Cotton Mills, Ltd., (12) Pabna Silpa Sanjibani; (13) Sadhuram Tularam.

### **Jute Mills.**

(1) Birla Jute Manufacturing Co., Ltd.; (2) Hukumchand Jute Mills Ltd.; (3) Gagalbhai Jute Mills, Ltd.; (4) Adamjee Jute Mills, Ltd.; (5) Shree Hanuman Jute Mills, Ltd., (6) Juggilal Kamlapat.

### **Metal Manufaturers and Foundry Engineers.**

(1) Tata Iron & Steel Co., Ltd.; (2) Godrej & Boyce Manufacturing Co.; (4) Hukumchand Electric Steel Co., Ltd.; (4) Indra Singh, Proprietor, Indian Steel & Wire Products; (5) Baldeo Singh; (6) Nursing & Co.; (7) Tatanagar Foundry Co.; (8) Purshottam J. Pathak.

### **Metal Merchants.**

(1) Pragdas Mathuradas; (2) Pragdas Girdhardas.

### **Hardware Merchants.**

(1) Anandji Haridas & Co., Ltd.; (2) Das Bros.; (3) Joharmull Gambhirmull; (4) Sen & Pandit.

### **Accountants & Auditors.**

(1) S. R. Batliboi & Co.; (2) Batliboi & Purohit; (3) S. B. Billimoria & Co.; (4) S. B. Dandeker & Co., (5) H. P. Khandelwal & Co.

### **Produce Merchants.**

(1) Gangjee Sajun & Co.; (2) Daulatram Rawatmull; (3) Hoosen Kassam Dada; (4) Jeewandas Khimjee; (5) Hajee Habib Hajee Pirmohamed; (6) A. H. P. Essack; (7) Gilooram Gaurishankar; (8) Murarka & Sons, Ltd.; (9) Sen & Pandit.

### **Glass Manufacturers.**

(1) Bharat Glass Works, Ltd.; (2) Allahabad Glass Works, Ltd., Allahabad.

### **Match Manufacturers.**

(1) C. A. Mohamed; (2) Adamjee Hajee Dawood & Co., Ltd.; (3) Dharamsey Match Co., Ltd.; (4) Abdoolabhoy Lalljee & Co.; (5) Pioneer Match Factory.

### **Tobacco Manufacturers.**

(1) Dharamsey Match Co., Ltd.; (2) Moolji Sicka & Co.

### **Potteries and Pipe Manufacturers.**

(1) Bengal Potteries, Ltd.; (2) Behar Firebricks & Potteries Ltd.; (3) Indian Hume Pipe Co., Ltd.

### **Hides and Skin Merchants.**

(1) M. M. Ispahani, Ltd.; (2) Sen & Pandit.

### **Salt Trade.**

(1) Kassim & Ismael; (2) P. Chatterjee; (3) Hoosen Kassam Dada; (4) Hajeebhoy Aden Salt Works, Ltd.; (5) Jainarain Gangaprasad; (6) Abdoolabhoy Laljee & Co.

### **Coal Mining and Trade.**

(1) Amritlal Ojha & Co., Ltd.; (2) Rao Bahadur D. D. Thacker (3) Karamchand Thapar & Bros., Ltd.; (4) Dalchand Bahadur Singh; (5) Khas Jharia Colliery Co.; (6) Madhavji Mepa; (7) Maneklal & Co.; (8) N. H. Ojha & Co., Ltd.; (9) S. D. Mehta & Co., Ltd.; (10) Bhugat Singh Bugga & Co.; (11) Jhagrakhand Colliery Co.; (12) Kalyanji Mavji & Co.

### **Mica Mining.**

(1) Babulal & Co., Ltd.; (2) Rajgarhia Bros. Ltd.; (3) Sen & Pandit.

### **Jute and Gunny Merchants.**

(1) Soorajmull Nagarmull; (2) Sir Chhajuram & Sons; (3) Adamjee Hajee Dawood & Co., Ltd.; (4) R. K. Modi; (5) Hanuman Prosad Bagaria; (6) Ramsahaimull More; (7) Kanoria & Co., Ltd.; (8) Hurising Nehalchand; (9) Heeralal Agarwalla & Co.; (10) Karamchand Thapar & Bros., Ltd.; (11) G. D. Loyalka & Co.; (12) Birla Bros., Ltd.; (13) Sir Sarupchand Hukumchand & Co.; (14) Ramprosad & Co.; (15) Jute Investment Co., Ltd.; (16) Abdoolabhoy Lalljee & Co.; (17) Daulatram Rawatmull.

### **Jute Baling.**

(1) Chitpur Jute Press, Ltd.; (2) Hurising Nehalchand; (3) Soorajmull Nagarmull; (4) R. K. Modi; (5) Daulatram Rawatmull. (6) Calcutta Jute Manufacturing Co.

### **Ginning and Pressing Factories.**

Juggilal Kamlapat.

### **Cotton, Piece-goods and Yarn Merchants.**

(1) Birla Bros., Ltd.; (2) Sir Sarupchand Hukumchand & Co.; (3) Chimanlal Vadilal & Co.; (4) Moolji Jaitha & Co., (5) Anandram Gajadhar; (6) Nandlal Pashari; (7) Tarachand Ghanshyamdas; (8) Jiwanram Sewbux; (9) Sewnarain Golabrai; (10) Sunderdas Thackersay & Bros.; (11) Vasanji Topan Madavji & Co.; (12) Moolji Girdhardas; (13) Thanmull Chunilall; (14) B. M. Kharwar; (15) Daulatram Rawatmull.

### **Rice Mills and Trade.**

(1) Gangjee Sajun & Co.; (2) Moolji Jaitha & Co.; (3) Gobind Rice Mills; (4) Abdoolabhoy Lalljee & Co.

### **Flour Mills and Trade.**

(1) Howrah Flour Mills, Ltd.; (2) Kassim & Ismael.

### **Oil Mills and Trade.**

(1) Hoosen Kassam Dada; (2) P. Chatterjee; (3) Western India Oil Distributing Co., Ltd.; (4) Juggilal Kamlatpat.

### **Journals.**

(1) The Hindu (Madras); (2) Sen & Pandit.

### **Cinema Industry.**

(1) Dossani Film Corporation; (2) Govil India Corporation.

### **Pharmaceutical Works.**

(1) Bengal Chemical & Pharmaceutical Works, Ltd.; (2) Alembic Chemical Works, Co., Ltd.; (3) Daulatram Rawatmull.

### **Share and Stock, Jute and Gunny, Exchange Brokers.**

(1) G. D. Loyalka & Co.; (2) Ramkumar Kejriwal; (3) Kedernath Khandelwal & Co.; (4) Hanuman Prasad Bagaria; (5) Jute and Gunny Brokers, Ltd.; (6) P. G. Abraham; (7) Ramdev Chokhany.

### **Shipping Companies.**

(1) Scindia Steam Navigation Co., Ltd.; (2) Indian Shipping Co., Ltd.; (3) R. K. Modi.

### **Building Engineers.**

(1) Hindusthan Construction Co., Ltd.; (2) S. K. Gupta.

### **Stevedore and Transport Agencies.**

(1) Garage (Calcutta) Ltd.; (2) Ruttonjee Bomanjee & Co.; (3) K. P. V. Shaik Mohamed Rowther; (4) Narottam, Ltd.; (5) Bengal Bus Syndicate; (6) Anandji & Co.; (7) P. Chatterjee.

### **Air Transport.**

Indian National Airways, Ltd.

### **Kirana Merchants.**

(1) Jankidas Subhakaran; (2) Jankidas Sewnarayan; (3) A. H. P. Essack.

### **Solicitors.**

Prabhudayal Himatsingka & Co., Ltd.

### **Tea.**

(1) All India Tea & Trading Co., Ltd.; (2) P. C. Borooah Bros.; (3) Gopalpur Tea Co., Ltd.; (4) Abdoolabhoy Lalljee & Co.; (5) G. P. Chaliha.

### **Jewellers and Diamond Merchants.**

Thakorlal Hiralal & Co.

### **Printing Press.**

Star Printing Works.

### **Paint, Varnish and Road Surfacers.**

(1) Murarka & Sons, Ltd.; (2) Alembic Chemical Works Co., Ltd.; (3) P. Chatterjee.

### **Oil Distributors.**

(1) Western India Oil Distributing Co., Ltd.; (2) Murarka & Sons, Ltd.; (3) Juggilal Kamlapat.

### **Soap and Toilet Manufacturers.**

(1) Mira; (2) Alembic Chemical Works Co., Ltd.; (3) Daulatram Rawatmull.

### **Sugar Mills.**

(1) Bharat Sugar Mills, Ltd.; (2) Juggilal Kamlapat; (3) Daulatram Rawatmull; (4) Upper Ganges Sugar Mills, Ltd.; (5) Murarka & Sons, Ltd.; (6) Anandram Gajadhar; (7) Soorajmull Nagarmull.

### **Sugar Trade.**

(1) Khaitan Sons & Co.; (2) Anandram Gajadhar; (3) Soorajmull Nagarmull; (4) Gurmukhrai Radhakrishna.

### **Mill-stores Suppliers.**

(1) Das & Co.; (2) P. Chatterjee

### **Lime Manufacturers.**

Kalyanpur Lime Works, Ltd.

### **Ice and Aerated Water Manufacturers.**

(1) Carlsbad Mineral Water Manufacturing Co.; (2) Juggilal Kamlapat.

### **Electricals.**

(1) Devadutt Saraogi & Son; (2) The India Electric Works, Ltd.; (3) Anandram Gajadhar; (4) Bengal Potteries, Ltd.

### **General Merchants.**

(1) Birla Brothers, Ltd.; (2) Sir Sarupchand Hukumchand & Co.; (3) Amritlal Ojha & Co., Ltd.; (4) Gangjee Sajun & Co., (5) Sir Chhajuram & Sons; (6) Tarachand Ghanshyamdas; (7) Hurising Nehalchand; (8) Moolji Sicka & Co.; (9) R. K. Modi; (10) Mafatlal Gagalbhai; (11) Messrs. S. K. Chakrabarti Ltd.; (12) Juggilal Kamlapat; (13) Purushotam Mathuradas & Co., Ltd.; (14) Thakorlal Hiralal & Co.; (15) S. K. Gupta; (16) Mahaliram Ramjeedas; (17) Ladha Singh Bedi & Sons; (18) Hassam Premjee; (19) Surajmull Mohta; (20) Universal Trading Union; (21) Shewnarayan Keshawdeo; (22) Narbheram & Co.; (23) Radhakissen Santhalia; (24) Ramkumar Kejriwal; (25) Sen & Pandit; (26) Heeralal Agarwala & Co.; (27) M. A. Muthia Chettiar; (28) Pragdas Mathuradas; (29) Dinshaw & Sorabjee; (30) Calcutta Jute Manufacturing Co., Ltd.; (31) Budridas Fulchand; (32) Kripalani Bros.; (33) Das & Co.; (34) Gurmukhrai Radhakrishna; (35) Pranjivan Jaitha; (36) Daulatram Rawatmull; (37) Hajee Habib Hajee Pirmohamed; (38) Thandiram Soorajmull; (39) Naresh Nath Mukherjee; (40) Carlsbad Mineral Water Manufacturing Co., Ltd.; (41) C. Parakh & Co.; (42) I. A. Mohamed (India) Ltd.; (43) Jagannath Jhunjhunwalla; (44) Sindhi Merchants' Association; (45) Anandram Gajadhar; (46) Debi Prasad Khaitan; (47) Sadhuram Tularam; (48) Govil India Corporation; (49) B. M. Kharwar; (50) Shree Hanuman Jute Mills; (51) P. Chatterjee.

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**List of Bodies Affiliated to Indian Chamber of Commerce,  
Calcutta, 1937.**

1. Indian Sugar Mills Association,  
135, Canning Street,  
Calcutta.
2. Jute Balers Association,  
5, Royal Exchange Place,  
Calcutta.
3. Indian Produce Association,  
402, Upper Chitpur Road,  
Calcutta.
4. East India Jute Association,  
2, Royal Exchange Place,  
Calcutta.
5. Calcutta Rice Merchants' Association,  
29/1, Armenian Street,  
Calcutta.
6. Calcutta Kirana Association,  
6, Amratolla Lane,  
Calcutta.
7. Gunny Trades Association,  
7-G, Clive Row,  
Calcutta.
8. Indian Tea Merchants' Association,  
48, Ezra Street,  
Calcutta.
9. The Marwari Rice Mill Association,  
1/2, Chetlah Road, Tollygunge,  
Calcutta.
10. Sindhi Merchants' Association,  
7/1-B, Lindsay Street,  
Calcutta.
11. Indian Colliery Owners Association,  
Jharia, Manbhum.



12. Indian Coal Merchants' Association,  
Jharia, Manbhum.
13. Indian Insurance Companies Association,  
135, Canning Street,  
Calcutta.
14. Shareholders' Association,  
135, Canning Street,  
Calcutta.

**Presidents of the Indian Chamber of Commerce,  
Calcutta.**

MR. G. D. BIRLA—1925-26.

„ G. D. BIRLA—1927.

„ D. P. KHAITAN—1928 (*Up to April 1928*).

„ FAIZULLA GANGJEE—1928 (*From April 1928*).

„ FAIZULLA GANGJEE—1929.

„ D. P. KHAITAN—1930.

„ S. K. BHATTER—1931.

„ S. K. BHATTER—1932.

„ A. L. OJHA—1933.

„ A. L. OJHA—1934.

„ KANAI LAL JATIA—1935.

„ B. M. BIRLA—1936.

„ MOHANLAL LALLUCHAND SHAH—1937.

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*Secretaries :*

K. M. PURKAYASTHA, (1925-1926.)

M. P. GANDHI, (1926-1936.)

S. R. DHADDA, (*Offg. Secy.*), July 1936.

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**Representatives on Various Public Bodies.**

*Representative of the Chamber on the Bengal Legislative Assembly.*

MR. D. P. KHAITAN.

---

*Representative of the Chamber on the Calcutta  
Port Commissioners.*

MR. A. L. OJHA.

---

*Representative of the Chamber on the Bengal Nagpur  
Railway Advisory Committee.*

MR. K. L. JATIA.

---

*Representative of the Chamber on the East Indian Railway  
Advisory Committee.*

MR. FAIZULLA GANGJEE.

---

*Representative of the Chamber on the Eastern Bengal Railway  
Advisory Committee.*

MR. R. CHAKRAVARTY.

---

*Representatives of the Chamber on the Commercial Panel of  
the Railway Rates Advisory Committee.*

1. MR. A. L. OJHA.
  2. „ G. L. MEHTA.
  3. „ D. P. KHAITAN.
  4. „ FAIZULLA GANGJEE.
  5. „ M. L. SHAH.
-

*Representative of the Chamber on the Board of  
Apprenticeship Training.*

MR. M. G. BHAGAT.

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*Representative of the Chamber on the Board of Economic  
Enquiry, Bengal.*

MR. G. L. MEHTA.

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*Representative of the Chamber on the Traffic Advisory Committee.*

MR. A. L. OJHA.

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*Representative of the Chamber on the Government Commercial  
Institute Board.*

MR. K. J. PUROHIT.

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**Committee of the Chamber for the year 1937.**

*President :*

MR. MOHANLAL LALLUCHAND SHAH.

*Senior Vice-President :*

MR. A. R. DALAL.

*Vice-President :*

MR. G. L. MEHTA.

*Ordinary Members :*

MR. B. M. BIRLA.

„ D. P. KHAITAN.

„ N. L. PURI.

„ K. L. JATIA.

„ KARAMCHAND THAPAR.

„ A. L. OJHA.

„ L. P. PODDAR.

„ FAIZULLA GANGJEE.

„ KASSIM A. MOHAMED.

„ B. D. BHATTER.

„ PRANJIVAN JAITHA.

RAI BAHADUR RAM DEV CHOKHANI.

MR. RAJENDRA SINGH SINGHI.

„ M. G. BHAGAT.

„ K. J. PUROHIT.

„ KEDARNATH KHANDELWAL.

„ DEBES CHANDRA GHOSH.

„ MANGTOORAM JAIPURIA.

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MR. S. R. DHADDA (*Secretary*)

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The Eleventh Annual General Meeting of the Chamber was held on Friday the 19th February 1937 at 4-30 P.M. at the office of the Chamber to transact the following business :—

- (1) To adopt the report of the Committee of the Chamber and the audited statement of accounts for the year 1936.
- (2) To elect the President, Vice-Presidents and Ordinary Members of the Committee for the year 1937.
- (3) To confirm the election of the members of the Chamber provisionally elected by the Committee under Art. 9 of the Articles of Association.
- (4) To appoint Auditors for the year 1937.

Amongst those present were :—

Messrs. B. M. Birla, M. L. Shah, G. L. Mehta, D. P. Khaitan, A. L. Ojha, B. D. Bhattar, K. J. Purohit, N. L. Puri, Pranjivan Jaitha, M. G. Bhagat, R. L. Nopany, O. A. Suttar, Rai Bahadur Ramdev Chokhani, Rajendra Singh Singhee, Prabhudayal Himatsingka, H. P. Khandelwal, Durga Prasad Khaitan, V. V. Sastry, N. Jain and Dr. S. C. Roy. Also Sir E. C. Benthall (President, Bengal Chamber of Commerce), Mr. Satish Ch. Sen. (President, Indian Mining Federation) and Sir T. Vijayaraghavacharya by special invitation.

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*Presidential Address of Mr. B. M. Birla, delivered at the Eleventh Annual General Meeting of the Indian Chamber of Commerce, Calcutta, held on Friday the 19th February 1937, at 4-30 P.M.*

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GENTLEMEN,

I have the honour to submit to you the Annual Report of the Committee of the Chamber for the year 1936. The year under review has been quite an eventful one particularly, for the commercial community. One of the most important Acts placed on the Statute Book last year was the Act overhauling the law relating to the formation and management of Companies. The old Act had become somewhat antiquated and it was necessary to overhaul the whole thing and bring it into adjustment with the needs of the times. Though there are certain defects in the new Act, which we hope will be remedied in due course, it bids fair to go a long way towards protecting the interests of investors and placing a check, on the growth of mushroom concerns. Apart from this important legislative enactment, however, the past year has seen many developments in other spheres which are bound to have far-reaching effects on the economic progress of the country.

Monetary conditions during the year have been fairly easy and with the increased pace of re-armament in Europe prices of commodities have slightly improved all round. This in turn has resulted in some industrial activity. This activity has been visible in several directions either in the form of increased production in the existing industries or in some cases in the form of new concerns that have come in the field. There is no reason to think that India has attained its maximum level of consumption. In fact we are far from that. There is not the least doubt that there is great scope for industrial expansion in this country. Our purchasing power up to now has been very low and with even a slight prosperity in the country there is bound to be greater demand for several of the commodities which are either now partly made or, in certain cases, not at all manufactured in India. Therefore it is very essential that the business community should give their full attention to the expansion of industrial production in this country particularly in those articles which are up to now not manufactured in this country.

It is necessary that the easy money conditions which are prevailing at present should continue so that it may help industrial expansion.

With the introduction of Provincial Autonomy there has been a great activity amongst the political parties in the various provinces and the Congress has come out successful in several of them. In others, parties with programmes of economic uplift of their provinces have been successful. We hope that all these parties when they take office after the 1st of April would devote their full attention to the improvement of the country's lot and thus help the agriculturist, consumer and the producer alike.

As you are aware, Gentlemen, the iniquitous terms of the trade agreement concluded at Ottawa in 1932 had always been a sore point with the Indian commercial community. In February last, your Committee submitted a detailed memorandum to the Government of India showing how the working of this Agreement had been to the detriment of India's trade and industries and urging its immediate termination. The Indian Legislative Assembly also passed a Resolution to the same effect in April following, which conclusively proved the unanimity of responsible Indian opinion on this question. The Government of India had accordingly to give six months' notice of termination to the U. K. Government. Negotiations were opened for the conclusion of a fresh trade agreement and I am glad to note that this time the Government realised the necessity of associating with itself during the course of the negotiations unofficial advisers representing Indian trade and commerce as well as agriculture. These unofficial advisers enjoy our full confidence and, since the negotiations are still pending, I would ordinarily not have liked to make any comments on this subject. But there have been certain developments in the past few weeks which compel me to do so. It is an open secret, Gentlemen, that the negotiations have been at a standstill for some time past due to the demands of the British trade interests being so highly pitched that they offer no basis for a mutually satisfactory agreement. While that is the position, it is perhaps not a mere accident that during the past few weeks almost all the public utterances of businessmen in Lancashire have been devoted to reminding India of the increased off-take of her Cotton by Lancashire and of her duty to reciprocate by giving increased preferential treatment to Manchester textiles in her markets.

I must confess, Gentlemen, that I am surprised at the plea of *quid pro quo* or reciprocity coming from Lancashire interests when, as a glance at the history of Indo-British trade relations will show, Indians in spite of their insistent demand for it, have been unable to obtain the acceptance of that principle from British trade interests. At the time of the Ottawa Agreement in 1932, the British textile and iron and steel interests were granted by the Government of India, in the face of universal opposition, preferences in excess of what was warranted even by considerations of the consumers' interest. These preferences were further increased during the currency of the Agreement, without any mention of "*quid pro quo*". Let us also examine the ground for this oft-repeated plea of reciprocity, *viz.*, the increased off-take of Indian cotton by Lancashire during the last 3 years. It will be noted that the purchase of Indian cotton by U. K. increased from slightly over Rs. 2 crores worth in 1934 to only Rs. 2½ crores in 1935 and to 3¾ crores in 1936. The imports of Lancashire piece-goods into India during the three financial years 1933-34, 1934-35 and 1935-36 have, on the other hand, been of the value of Rs. 8¾ crores, 11 crores and 9 crores respectively. So India is giving to U. K. much more than a *quid pro quo*. Moreover, it must be remembered that while cotton which Lancashire imports is essential as a raw material for its own industry, the finished article which is imported into India is, apart from being of much greater value than the cotton purchased by Lancashire, not so essential for the Indian consumer as it is capable of being produced in the country itself. To view things in the right perspective, let us remember that as against the slight increase in the off-take of Indian Cotton by U. K., the corresponding increase in the case of Japan was from Rs. 11 crores in 1935 to over Rs. 16 crores in 1936 whereas the imports of piece-goods from Japan into India were Rs. 3¾ crores and Rs. 6 crores respectively in the two years. Moreover there can be no doubt that this increase in the purchase of Indian cotton by U. K. and Japan during the past 3 years has been largely due to the price-parity being in India's favour.

Gentlemen, I have dwelt upon this subject at a little length for I think it is now high time for the Indian commercial community to realise the implications of this persistent propaganda on behalf of Lancashire. In the past, Lancashire interests have used the



slogan of "consumer's interest" to their own advantage and it appears, that this new argument of '*quid pro quo*' is now being put forward to that same end. Indian commercial interests would certainly welcome a policy of economic reciprocity but, let there be no doubt that if any such policy is to be successful it must be based on a real *quid pro quo*. It is not right to take into consideration only a part of the foreign trade of a country and then talk of *quid pro quo*. In the case of India, it is particularly essential to take into consideration the whole of her foreign trade, in view of the peculiar economic relationship in which it is placed *vis-a-vis* the United Kingdom. India has to make an annual payment of about Rs. 78 crores to Great Britain against what are described as "invisible imports". It is therefore in U. K.'s interest not only to increase her own purchase of Indian goods but also to help India to have better reciprocal trade relations with other countries in order that she may have a total favourable trade balance at least to the extent of her annual liabilities. It is only when an Agreement is concluded having regard to all these circumstances that it could be said to be based on the '*quid pro quo*' principle and could be of lasting benefit to both the countries.

A fact which must be remembered in this connection is that the preferences granted to India by U. K. at the present time are almost all in respect of raw produce or essential articles of food, both of which England needs for her home consumption. But if Lancashire is insistent on getting preference for her manufactured articles, India would like to know whether they would be willing to give a similar preference to her manufactured goods.

Gentlemen, you are aware of the remarkable progress made by the Sugar Industry during the last five years. We have already arrived at a stage where India is able to produce all her requirements of sugar and the time is not far off when we would need an export market. Our position in this respect is practically the same as that of Lancashire. Lancashire is unable to compete with other countries in the sale of her piece-goods in the Indian market, just as India is unable at present to supply England with a cheap sugar as she may be getting from other countries. What is required therefore is sufficient preference for Indian sugar in U. K. market as against the preference sought by Lancashire in the Indian market.

Nominally India does enjoy a preference compared with other foreign countries but there is a distinction between Colonial and Empire Sugar, the former having a considerable preference over the latter which directly acts against the import of Indian sugar. We are unable to appreciate this distinction and feel that Indian sugar must be allowed to enter the United Kingdom on the same terms as the colonial produce. While on this subject, I may refer to the impending Tariff Enquiry in connection with the Sugar Industry. Though under the Sugar Industry (Protection) Act of 1932, the Industry is assured protection till March 1946, the rate of protection was fixed in the first instance for a period of six years only and the Tariff Board is now to determine whether any change in the rate of protection is necessary for the remaining period. I take this opportunity of referring to one or two points which have an important bearing on the future of the industry.

One of the most striking features of the present position with regard to sugar is its record low prices, and the tendency for these prices to go still lower. Never before perhaps did the consumer get his sugar so cheap as he is doing now. The main argument often advanced against protection is that it imposes a burden on the consumer, but apart from the phenomenal growth of the Sugar Industry during the last five years which itself is an ample justification of the policy of protection, it is indeed remarkable that in this case one of the results of the protectionist policy has been to cheapen the cost of sugar to the consumer rather than increase it. But in order that these cheap prices may be maintained with no loss to the producer it is essential that the cost of production itself should be stabilised at a low level. The manufacturer who is responsible for about 30% of the costs has already done his duty and has effected considerable economies and achieved efficiency in the manufacturing process. As regards the remaining 70% of the costs, which is wholly accounted for by raw material, it is for the Government now to make it possible for the industry to effect economies therein. There is still considerable scope for improvement in the sphere of the cultivation of cane. Not only are the prices of cane in India very much higher to-day than in other Sugar-producing countries, but the quality is also poorer. The ultimate aim should be to bring down the price of cane to about -/2/- per maund and to increase the yield per acre by  $2\frac{1}{2}$  to 3 times so that the cultivator may not

be put to any loss. Improvement in quality should also aim at increasing the sucrose content of cane in order to enable the manufacturers to sell the sugar cheap. This end could only be achieved by a concerted and co-operative effort on the part of both the Central and the Provincial Governments on the one hand, and the Industry on the other.

In the course of my remarks at the time of the Third Quarterly Meeting, I had occasion, Gentlemen, to refer to the appointment of the Railway Enquiry Committee, and the universal indignation felt at the non-inclusion of any Indian therein. It is regrettable that while the whole question of Railway Finance is under consideration by this Committee, the Railways have embarked upon a policy of increase in freight rates, as evidenced by the recent increase in the freight rates for piece-goods, sugar, etc. As has always been pointed out, the right way out of the financial morass in which the Railways find themselves to-day lies through effecting economies in expenditure and increasing efficiency and not through enhancing the freight and fare charges which are already high. Whenever any demand for the protection of any particular industry is made the Government always puts forward the plea that the Industry must first put its own house in order and I do not think it is in any way wrong or improper for the public to make the same suggestion to the Government when it is called upon to pay increasingly for the Railway services. Let us hope, Gentlemen, that the Report of the Railway Enquiry Committee will take due cognisance of the almost unanimous feeling of the commercial community and the lay public in this matter

Another important point which I wish to refer to in this connection is the passing of the new Road Fund resolution recently in the Assembly. One of the important changes introduced by this resolution in the disbursement of the Central Road Fund is the imposition of a condition on the Provincial Governments that unless they comply with the wishes of the Central Government in the matter of the regulation of motor transport within their own Provinces, they would not be entitled to get their share of the Road Fund. As you are aware, Gentlemen, persistent attempts are being made in one way or the other to place handicaps in the way of development of motor transport in order to protect the interests of the Railways. While your Committee have made it clear that they

are not against the regulation of motor transport in the interests of public safety and convenience, and that they would also like to see the railway finances improve, they certainly object to impediments being placed in the way of a fair competition between the two forms of transport. The passing of the Road Fund resolution is another indication of the anxiety of the Government to throttle motor competition. It is to be regretted that the Government took advantage of the absence of the majority party from the Legislature to pass the new Road Fund Resolution to which there was unanimous opposition even from the side of the European commercial community.

The income-tax experts who toured the country last year have now submitted a report to the Government of India containing their recommendations regarding the amendment of the income-tax law. The report is yet receiving the attention of your Committee and I would not like to say at this stage anything beyond this that some of the recommendations of these experts are very disappointing, particularly those relating to the pooling of the income of a Hindu Joint family and to the husband and father being liable for the income of the wife and the minor child from partnership business.

I think, Gentlemen, I have been sufficiently long. But before I conclude I must offer my sincerest thanks to my colleagues on the Committee without whose co-operation it would have been difficult for me to discharge the responsibilities of my office. I am grateful to them for the interest taken by them in the work of the Chamber, for their ungrudging support and for the confidence they have reposed in me. I trust that members of the Chamber will lend their support in the same courteous manner for the benefit of our Chamber as in the past.

I must also express my thanks to the Secretary, Assistant Secretaries and the staff for their having successfully performed their arduous duties during my tenure of office.

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Mr. G. L. Mehta in seconding the Third Quarterly Report of the Chamber referred to the question of Indians Overseas, particularly to their position in Zanzibar and Burma. He referred to the setback which the Indian Traders engaged in the Clove Industry have got in Zanzibar. Mr. Mehta next referred to the question of Indian emigration to Burma. He pointed out that inspite of the promise which the Under-Secretary of State had given in the House of Commons in the course of a debate in April, 1935, the Instrument of Instructions to the Governor of Burma recently issued does not safeguard the interests of Indian emigrants to Burma. Mr. Mehta pointed out that Indians were financially interested in Burma because of their huge investments which, he said, was in danger owing to the restrictions on the entry of Indians into that country. Besides, there was a large amount of coastal trade between India and Burma, which would also suffer a setback. Mr. Mehta pointed out that in none of the other Empire countries including South Africa where the position of Indians was not enviable, was there any restrictions on the entry of Indians qua Indians. Mr. Mehta therefore urged that the Indian commercial community should keep this question prominently before them and should agitate for protection of Indian interests in Burma.

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**REPORT**  
**INDIAN CHAMBER OF COMMERCE**  
**CALCUTTA.**

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# INDIAN CHAMBER OF COMMERCE, CALCUTTA.

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## *Report of the Committee for the year 1936.*

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The Committee of the Indian Chamber of Commerce, Calcutta, have the honour to present to the members of the Chamber their report for the year ended 31st December 1936, together with the Statement of Audited Accounts for the period. The Committee for the year 1936 were elected at the Annual General Meeting of the Chamber held on the 22nd February 1936. The following gentlemen were elected to serve on the Committee:—

*President*, Mr. B. M. Birla (Messrs. Birla Bros., Ltd.); *Senior Vice-President*, Mr. A. R. Dalal (Tata Iron & Steel Co., Ltd.); *Vice-President*, Mr. G. L. Mehta (Scindia Steam Navigation Co., Ltd.); *Members*, Mr. K. L. Jatia (Messrs. Mahaliram Ramjeedas); Mr. A. L. Ojha (Messrs. Amritlal Ojha & Co., Ltd.); Mr. D. P. Khaitan (Indian Shipping Co., Ltd.); Mr. N. L. Puri (Central Bank of India Ltd.); Mr. M. L. Shah (Messrs. Chimanlal Vadilal); Mr. Faizulla Gangjee (Messrs. Gangjee Sajun & Co.); Mr. S. K. Bhatler (Hukumchand Electric Steel Co., Ltd.); Mr. H. L. Murarka (Messrs. Murarka & Sons, Ltd.); Mr. J. P. Dutia (National Insurance Co., Ltd.); Mr. K. J. Purohit (Messrs. Batliboi & Purohit); Mr. Kedarnath Khandelwal (Messrs. Kedarnath Khandelwal & Co.); Mr. Kassim A. Mohamed (Messrs. Kassim & Ismael); Mr. Bahadur Singh Singhee (Messrs. Dalchand Bahadur Singh); Mr. J. N. Lahiri (Bengal Chemical & Pharmaceutical Works, Ltd.); Mr. Bansidhar Jalan (Messrs. Soorajmull Nagarmull); Rai Bahadur Ramdev Chokhani (Messrs. Ramdev Chokhani); Mr. Lakshman Prasad Poddar (Messrs. Tarachand Ghanshyamdas); Mr. S. N. Mitter (Basanti Cotton Mills, Ltd.)



During the year under review, there were several vacancies in the Committee due to members having taken leave of absence and Messrs. J. R. K. Modi, Pranjivan Jaitha, Lala Karamchand Thapar and Dr. S. C. Roy were invited to serve on the Committee for varying periods in the vacancies thus created.

The Committee had altogether 35 sittings during the course of the year. Standing Sub-Committees on various subjects, *viz.*, Transport, Finance, Insurance, Coal, Produce, etc., were also appointed and several meetings of the various Sub-Committees were held during the year under review. With a view to ensure a careful consideration of the various matters of importance which required closer and detailed investigation and which did not fall within the purview of any of these Standing Sub-Committees, Special Sub-Committees were appointed by the Committee from time to time. Among the principal subjects dealt with by the Committee during the year were those relating to Finance, Currency, Exchange, Banking, Shipping, Tariffs, Railways, Customs, etc.

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## REPRESENTATION ON PUBLIC BODIES.

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**Representation of the Chamber on the Bengal Legislative Assembly and participation in the Election for Indian Commerce Seat in the Federal Assembly.**—In the Annual Report of the Chamber for the year 1935\*, it was stated that the Committee of the Chamber submitted a detailed Memorandum to the Indian Delimitation Committee setting out the Chamber's claim for a representation in the Bengal Provincial Assembly and the Federal Assembly. The Delimitation Committee have recommended in their Report published in March 1936 that out of the five seats allocated to Indian Commerce on the Bengal Legislative Assembly under the Reformed Constitution, one seat should be given to the Indian Chamber of Commerce. It is also recommended that the Indian Chamber of Commerce should be included in the Electoral College for the purpose of election of one representative from Bengal to represent Indian Commerce in the Federal Assembly under the Reformed Constitution.

**Election of a Representative of the Chamber to the Bengal Legislative Assembly under the Reformed Constitution.**—On the 10th December 1936, the Commissioner, Presidency Division, forwarded a copy of a Notice issued by him calling upon the Indian Chamber of Commerce Constituency to elect one member to the Bengal Legislative Assembly and inviting nominations for the same before the 18th December 1936. Mr. D. P. Khaitan, being the only candidate for the seat, the Chamber was informed on the 31st December 1936 by the Commissioner, Presidency Division that Mr. D. P. Khaitan had been declared to be duly elected to fill the seat allotted to the Indian Chamber of Commerce Constituency in the Bengal Legislative Assembly.

**Representation of the Chamber on the Calcutta Port Trust.**—On the 10th August 1936, the Committee received a letter from the Government of Bengal, Marine Department, saying that the term of Office of Mr. D. P. Khaitan, a Commissioner for the Port of Calcutta, elected by the Indian Chamber of Commerce, would expire on the 6th September 1936, and requesting the Chamber to elect a representative in Mr. Khaitan's place, on the Port Trust, under the provisions of Sec. 14 of the Calcutta Port Act, 1890. Mr. A. L. Ojha was duly elected by the Chamber as its representative on the Calcutta Port Trust, and the Port Commissioners were informed of the same on the 29th August 1936.

**Representation on the East Indian Railway Local Advisory Committee.**—The Committee received a letter dated 4th July, 1936 from the Agent, East Indian Railway intimating that the term of Mr. A. L. Ojha, representative of the Chamber on the Calcutta Advisory Committee of the East Indian Railway, would expire by the end of August, 1936 and requesting the Chamber to make a fresh nomination.

The Committee nominated Mr. Faizulla Gangjee on the East Indian Railway Local Advisory Committee in place of Mr. A. L. Ojha and intimated to the Railway accordingly.

**Representation on the Bengal Nagpur Railway Local Advisory Committee.**—On learning that the B. N. Railway did not invite the Chamber to nominate a representative on the B. N. Railway Local Advisory Committee on the expiry of the term of Mr. Bahadur Singh Singhee, Chamber's representative on that Committee, the Committee of the Chamber addressed a letter on the 30th January

1936 to the Agent, Bengal Nagpur Railway, requesting him to invite one representative of the Chamber to serve on the Bengal Nagpur Railway Local Advisory Committee and proposing the name of Mr. Kanai Lal Jatia for that purpose. On the 5th February 1936 the Agent, B. N. Railway forwarded a copy of his letter of date to Mr. Kanai Lal Jatia in which he extended an invitation to Mr. Jatia to serve on the B. N. Railway Advisory Committee until 30th June 1936. Mr. Jatia accepted the invitation after consulting the Committee of the Chamber.

On the 30th May 1936, the Agent, B. N. Railway addressed a letter to Mr. K. L. Jatia, Chamber's representative on the B. N. Railway Local Advisory Committee, stating that the term of office of the Railway Advisory Committee would expire on 30th June 1936, and enquiring whether he would be willing to serve on the new Committee to be appointed from 1st July 1936. Mr. K. L. Jatia, after consulting the Committee of the Chamber, informed the Railway on the 2nd June 1936, that he would be pleased to serve on the new Advisory Committee.

**Representation of the Chamber on the Eastern Bengal Railway Local Advisory Committee.**—On the 5th January 1937, the Committee received a letter from the Eastern Bengal Railway stating that the term of Office of Mr. Mohanlal Lalluchand Shah, representative of the Chamber on the E. B. Railway Advisory Committee, would expire on the 1st February 1937 and requesting the Chamber to nominate a representative in his place. The Committee replied on the 13th January 1937 nominating Mr. R. Chakravarty of the Mohini Mills, Ltd., to represent the Chamber on the Eastern Bengal Railway Local Advisory Committee.

**Representation on the Board of Economic Enquiry, Bengal.**—The Government of Bengal addressed a letter to the Chamber on the 18th January 1936, intimating that the term of membership of Mr. Debi Prasad Khaitan, representative of the Chamber on the Board of Economic Enquiry, Bengal, would expire on 25th February 1936, and requesting the Chamber to nominate a representative on the Board for the two years ending 25th February 1938. The Committee replied on the 30th January 1936, stating that they nominated Mr. G. L. Mehta on the Board of Economic Enquiry, Bengal, in place of Mr. D. P. Khaitan.

**Representation on the Central Jute Committee.**—The Government of Bengal in the Agricultural and Industries Department forwarded a Notification dated 28th May 1936, issued by the Government of India regarding the constitution of the Central Jute Committee and requested the Indian Chamber of Commerce to elect one member to represent their interests on the Central Jute Committee. The Notification also stated that the functions of the Central Jute Committee would be to undertake agricultural, technological and economic research, the improvement of crop forecasting and statistics, etc., and to advise the local Governments concerned on any points which might be referred to it. The Headquarters of the Committee are to be at Calcutta, and the duration of the appointment of members will be three years.

The Committee of the Chamber replied on the 4th July, 1936 saying that they nominated Mr. Sheo Kissen Bhattar to serve as the representative of the Chamber on the Central Jute Committee.

**Representation on Traffic Advisory Committee.**—Mr. A. L. Ojha continues as the Chamber's representative on the Traffic Advisory Committee.

**Representation on the Advisory Board of the combined Commercial Museum and Health Publicity Section of the Calcutta Corporation.**—On the 12th June 1936, the Secretary to the Calcutta Corporation wrote to the Chamber intimating that the term of office of Mr. G. L. Mehta, the representative of the Chamber on the Advisory Board of the combined Commercial Museum and Health Publicity Section of the Calcutta Corporation, would expire on 30th June 1936, and requesting the Chamber to nominate a representative in place of Mr. Mehta for a period of one year. The Committee replied on the 22nd June 1936, intimating that they had nominated Mr. Mohanlal Lalluchand Shah as the representative of the Chamber on the said Board.

**Representation of the Chamber on the Board of Management of the Government Commercial Institute.**—On learning that the name of Mr. K. J. Purohit, Chamber's representative on the above Board, did not appear in the list of its members, the Committee addressed a letter dated 24th July 1936, to the Secretary of the Government Commercial Institute, enquiring as to the reasons of the omission of the name of Mr. K. J. Purohit,

from the membership of the Board of Management. The Secretary of the Government Commercial Institute replied on 29th July 1936 stating that the Board had long been not functioning and that no action regarding its re-institution was unfortunately taken by the Office of the Director of Public Instruction, Bengal, so long. The Secretary, however, requested the Chamber to make a fresh nomination of a representative on the Institute Board.

The Committee replied on the 8th August 1936, stating that they had elected Mr. K. J. Purohit to serve on the Board of Management as a representative of the Chamber.

**Representation on the Board of Apprenticeship Training.**—Mr. Mohanlal Lalluchand Shah having tendered his resignation as the Chamber's representative on the Board of Apprenticeship Training, the Committee addressed a letter to the Secretary of the Board saying that they nominated Mr. G. L. Mehta as the Chamber's representative on the Board of Apprenticeship Training in place of Mr. Mohanlal Lalluchand Shah.

**Representation on the Committee of Official Statistical Publications.**—The Committee received a letter dated 29th April 1935, from the Indian Statistical Institute forwarding therewith text of a resolution passed at the meeting of the Council of the Indian Statistical Institute held on 26th April 1935, to the effect that a Committee should be appointed to scrutinise the form and content of official statistical publications and to make suitable recommendations. Among the gentlemen who were to constitute the Committee, the Indian Chamber of Commerce had to nominate one of their representatives. The Committee replied on the 21st May 1935, nominating Mr. G. L. Mehta as their representative on the Committee appointed to scrutinise the form and content of official statistical publications.

**Representation on the Railway Rates Advisory Committee.**—Messrs. Faizulla Gangjee, A. L. Ojha, D. P. Khaitan, G. L. Mehta and H. P. Bagaria continue to be the Chamber's representatives on the Commercial Panel of the Railway Rates Advisory Committee.

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## INTERVIEWS AND MEETINGS.

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**Presentation of an Address of Welcome to His Excellency, the Most Honourable Victor Alexander John Hope, Marquess of Linlithgow, P.C., K.T., G.M.S.I., G.M.I.E., O.B.E., D.L., T.D., Viceroy and Governor-General of India.**—On the occasion of the first visit of His Excellency the Marquess of Linlithgow, as Viceroy and Governor-General of India, to Calcutta, the Committee decided to present an Address of Welcome to His Excellency at Belvedere on the 23rd December 1936. In the course of the Address, the Committee pointed out that the fundamental issues with which India was faced at the present time were, need of the economic improvement of the masses, the solution of unemployment among the educated middle classes and the development of industries. The Committee expressed gratification at His Excellency's personal interest in questions like the improvement of the breed of cattle and nutritional problems which they felt was only symbolical of the work needed to be done in the villages in a larger number of directions. The Committee also stressed the need of development of cottage industries and small sized industries. The progress of industrialisation during the last few years, the Committee continued, had prevented drain to foreign countries and served to conserve national wealth and enhance national income in this land. The Committee felt that what was required was a more positive and consistent policy of Government assistance, to national industries and expressed the hope that His Excellency will be able to assure the Indian commercial community that the Government had no intention of going back on the policy of discriminating protection that they had accepted. The Committee emphasised that the achievement of the economic uplift of the country depended upon a cheap and plentiful supply of money, cheap transport and adequate protection, and urged that every endeavour should be made to secure co-operation between the Government and the people in the economic sphere.

In the course of his reply, His Excellency thanked the Committee on behalf of himself and Lady Linlithgow for their welcome and good wishes and assured that in discharging the onerous duties

that had fallen upon him his first concern would at all times be a lively sympathy for India and for her best interests. His Excellency agreed with the representatives of the Chamber as regards the importance of improving the condition of the masses and the development of cottage industries. His Excellency however, stated that any rapid expansion of cottage industries could not be easy of achievement, for, the problems to be solved in connection therewith— particularly that of securing a profitable outlet for the products of such industries—were notoriously difficult of solution. In connection with the problem of unemployment His Excellency agreed that the development of small scale industries was one valuable way by which something could be done in the direction. He greatly appreciated that the Presidency of Bengal had particularly distinguished itself by the initiative and the energy it had displayed in dealing with this problem. As regards the suggestion of the Chamber for a vigorous and comprehensive national industrial policy, His Excellency stated that the policy of the Central Government upon this highly important question has been entirely consistent and would continue to be so in future. In connection with the point stressed by the Chamber for the co-operation between Government and the people, His Excellency assured that there would be an entire readiness on the part of officials of the Government of India as well as of the Provincial Governments to consider with sympathy any practicable proposition which may be laid before them. Such a co-operation, His Excellency observed, was consistent with any honest difference of opinion on major issues. With regard to the dissatisfaction expressed by the Chamber over the attitude of the Government in regard to the currency policy, His Excellency recognised that currency policy was a matter on which different views may be held by different people and with honest conviction. But so far as the Government were concerned, it was their considered view, said His Excellency, that there was no case for re-opening the question of the rupee ratio. In the end His Excellency thanked the Committee for their cordial welcome to him.

**Interview with the Hon'ble Sir Guthrie Russell, Kt., Chief Commissioner and Mr. P. R. Rau, Financial Commissioner of Railways.**—The Committee met the Hon'ble Sir Guthrie Russell and Mr. P. R. Rau, the Chief and Financial Commissioners of Railways, on the 28th July 1936. Mr. B. M. Birla,

the President, was in the chair. After welcoming the guests, Mr. Birla referred to the question of Railway finance. He stated that the railways had failed to take adequate measures to reduce their expenditure and that the increase in freight contemplated by the railways would not only be detrimental to agriculture and commerce but also to the interests of the railways themselves. The Railway Commissioners stated, that all possible economies were being enforced by the railways and pointed out that there was a limit beyond which reduction in staff could not go. They also referred to dangers in making drastic reductions in pay. Members of the Committee raised several other matters such as restoration of the cuts in the salaries of railway employees made last year, the desirability of amalgamation of the different systems, over-capitalisation of railways, the advisability of the Government purchasing some of the company managed railways, the system of time-scale of pays, the question of road-rail competition, the establishment of a special rates tribunal, etc.; to which the Railway Commissioners replied suitably. Mr. B. M. Birla then suggested that it would be desirable if an independent and impartial Committee were appointed to investigate thoroughly into the matter of Railway finance and recommend all possible avenues of economy, reduction in expenditure, and increase in efficiency. Sir Guthrie Russell and Mr. Rau welcomed the suggestion for an expert enquiry into the railway working and they promised to give careful consideration to the suggestion made by the Chairman.

As regards the question of the proposed enhancement in the classification of certain commodities, Sir Guthrie Russell stated that it would be better if the Chamber communicated its views to the Railway Board with regard to such of the items, increase in the classification of which, it considered to be detrimental to commercial and industrial interests. He stated, however, that in case of disagreement between railways and the trade, the final decision would rest with the railways, but they would give their careful consideration to any criticism or suggestion coming from the Chambers.

Mr. A. L. Ojha then referred to the question of reduction of rates of freight for soft coke booked to long distances. The railway members assured the Committee that they would consider the possibility of introducing reduced rates on soft coke booked to certain



stations as an experimental measure, and if the experiment succeeded, the question of the rates being made permanent would be considered.

The question of surcharge on bunker coal proposed to be levied by the railways was next raised. It was pointed out that any additional surcharge at the present juncture would result in further deterioration of the position of Calcutta as a bunkering port, as many of the steamers from foreign countries were already bringing a sufficient supply of bunker coal for the return voyage by taking their supplies from Singapore and Colombo.

As regards the proposal to reduce the rebate allowed on coal exported to Burma and Chittagong, it was pointed out that decrease in the rebates would react on the exports of Bengal coal and might enable Natal or Japanese coal to capture Burma markets. Mr. Ojha then referred to the question of the disparity in railway freights between C. P. coal and Bengal coal and stated that the railways should reduce the freight on Bengal coal by 10 per cent so as to bring the freight on Bengal coal to the same level as C. P. Coal. The Railway Members promised to give their careful consideration to all these questions.

**Interview with Mr. M. A. Jinnah, M.L.A.**—The Committee met Mr. M. A. Jinnah, M.L.A., on the 24th August 1936, at Tea. There was an informal discussion on several questions namely Indo-British Trade Agreement, Indo-Japanese Trade Agreement, etc. Mr. Jinnah assured the Committee that he and other members of the Legislative Assembly were trying their best to safeguard the interests of India in regard to whatever questions came within their purview.

**Interview with Mr. A. H. Lloyd, C.S.I., C.I.E., I.C.S., Member, Central Board of Revenue, (Income Tax Department).**—The Committee of the Chamber entertained Mr. A. H. Lloyd, Member, Central Board of Revenue and Rai Bahadur S. N. Banerjee, Commissioner of Income Tax, Bengal, to tea on the 16th November 1936, and discussed with them several questions in regard to the Income Tax system of India.

**Interview with the Honourable Sir James Percy Grigg, Finance Member to the Government of India.**—The Committee met the Hon'ble Sir James Grigg, the Finance

Member to the Government of India on the 5th January 1937, at the premises of the Chamber when Mr. B. M. Birla, the President, was in the chair. In the course of the interview the Committee discussed with Sir James Grigg several questions relating to the fiscal policy of India and economic advancement of the country.

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## CUSTOMS.

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**Purchase of Sugarcane in Rampur Territory.**—At the instance of Messrs. Birla Bros., Ltd., the Committee wrote letters on 15th February 1936, to the Government of the United Provinces, the Government of India and the Imperial Council of Agricultural Research, inviting their attention to certain orders issued by the Government of the United Provinces, which resulted in the prohibition of the export of cane from Rampur State to British India. The Committee stated that these orders of the State Authorities operated very harshly on the factories near Rampur State particularly because the export of Sugar from State was allowed freely and without any restriction whatsoever. The Committee also invited the attention of the Governments to the fact that even last year the Rampur State imposed an Export duty of annas two on sugar cane, which was ultimately removed after great agitation by the Sugar factories in British India. The Committee, therefore requested the Governments to look into the matter and get the orders of the U. P. Government cancelled.

The Government of U. P. replied on the 13th March 1936, saying that the above orders were issued on the request made by the Rampur Durbar for protecting the interests of their tenantry by the exercise of effective control over the purchasing agents from outside the State, who took cane from their tenants. They also requested the Committee to mention some specific instances in which the State authorities refused to grant a purchasing license to an agent of a factory in British India. The Government of U. P. further enquired as to how the practice of granting licenses operated adversely and which factories were affected in their day to day

working as a result of the orders. The Government of India replied on the 18th March 1936, that the question concerned the Government of U. P. who may be addressed direct by the Committee. The Imperial Council of Agricultural Research replied on the 4th April 1936, to the same effect.

**Adulteration of Drugs in India.**—On 13th March 1936, the Alembic Chemical Works Co., Ltd., wrote to the Committee that the market in India was being flooded by Drugs and Chemicals of defective composition and requested the Committee to take up the matter with the Government of India for passing suitable legislation to control the adulterated drugs and chemicals.

The Committee addressed a letter to the Government of India on 1st April 1936, inviting their attention to the enormous growth of trade in spurious drugs and chemicals in India, which was a menace to the health of the people. The Committee expressed their regret at the indifference shown by the Government of India in enacting a separate central legislation for the control of adulterated drugs, as recommended by the Drugs Inquiry Committee, in spite of the fact that more than four years had elapsed since that Committee reported. The Committee of the Chamber also referred to the Resolution passed by the Council of State on the 18th September 1935, recommending the Governor-General-in-Council to initiate early measures to implement the conclusions of the Report of the Drugs Inquiry Committee. Although the Government Member opposed the Resolutions on the ground of Financial exigencies, as the enforcement of the proposed legislation would involve extra expenditure, which the Provincial as well as the Central Governments were averse to undertake, the Committee pointed out that the financial position of the Central and some of the Provincial Governments had improved and requested the Government to make a beginning in the direction, instead of postponing the question from year to year. The Committee also suggested the establishment of laboratories at Bombay and Calcutta with a view to prepare and maintain standards of purity, strength and quality of principal drugs. In the end, the Committee urged upon the Government to introduce suitable legislation for controlling drugs immediately in consideration of the importance and desirability of having a supply of pure drugs and chemicals from the point of view of public health.

**Removal of inter-provincial barriers of Excise on drugs and Pharmaceutical Products.**—On the representation of the Alembic Chemical Works, Ltd., the Committee addressed a letter dated the 18th April 1936, to the Government of India drawing their attention to the various difficulties experienced by the manufacturers and traders of drugs and pharmaceutical products in the various Provinces of India on account of various Inter-provincial barriers, such as the necessity of procuring of export and import permits for spirituous, medicinal and toilet preparations from other Provinces, etc. The Committee pointed out that while imports of these products from foreign countries like Germany and Japan were allowed freely and without any restrictions whatsoever throughout India, the Punjab Government had made rules prohibiting the import of these articles from other provinces and the Indian States and the Bengal Government had also imposed impracticable conditions for the import of these articles. The Committee pointed out that in their opinion the root cause lay in the Excise Departments not making any distinction between potable drinks and spirituous, medicinal and toilet preparations. After considering the various aspects of the question, the Committee made the following suggestions to the Government of India; (1) that the excise duty on spirit and spirituous preparations must be uniform in all Provinces; (2) that the Provincial Governments must enter into mutual agreements for the recovery of duty in the Provinces of exports; (3) that the Excise authorities of one Province should accept the certificate of excise duty levied by the Excise authorities of other Provinces; (4) that the Provincial and State Governments must hold a representative Conference to discuss and evolve uniform rules of Excise applicable to Drugs throughout India, etc. The Committee requested the Government of India to discuss the subject of introducing uniform Excise Regulations at one of the periodical Conferences of representatives of Local Self-Government Departments and Industries Ministers that are held at Delhi.

The Government of India replied stating that as the matters in question were constitutionally within the control of Local Governments, they (the Government of India) had no authority to interfere. They also expressed their inability to convene a Conference to discuss these matters unless invited to do so by the Local Governments themselves. The Government further suggested that the Chamber

should make its representations direct to the Local Governments concerned.

**Indo-Japanese Trade Convention.**—On 15th February 1936, the Government of Bengal forwarded a copy of the Convention and Protocol regarding commercial relations between India and Japan and invited Chamber's suggestions as to the lines on which modification or amendment appeared to be necessary in the Agreement. The Government of Bengal stated that the Convention and Protocol which were signed on the 12th July 1934, would cease to be effective after the 31st March 1937, subject to a notice of denunciation. The terms of the Convention, fixing the quota of imports of piece-goods into India from Japan in relation to the exports of Indian Cotton to Japan, ran as under :—

1. If one million bales of raw cotton were to be exported to Japan, the quantity of cotton piece-goods from Japan would be 325 million yards.
2. If Exports of raw cotton were *less than 1 million bales*, the allotment of Cotton piece-goods should be the basic allotment (*i.e.*, 325 million yards) diminished by *2 million yards* for every 10,000 bales of deficit or for any residual quantity thereof exceeding 5,000 bales.
3. If the exports of raw cotton were to exceed 1 million bales the allotment of cotton piece-goods should be the basic allotment (*i.e.*, 325 million yards) increased by  $1\frac{1}{2}$  million yards for every 10,000 bales of the excess or for any residual quantity thereof exceeding 5,000 bales.

After considering the question carefully, the Committee replied on 27th March 1936, stating that in renewing the existing Convention between India and Japan, the Government of India should adopt suitable measures whereby any quota of import of piece-goods from Japan may not be evaded by imports of fents into this country and the imports of artificial silk would also be checked. The Committee felt that the duty on artificial silk should be raised and the imports of fents should be included within the quota allowed to Japan. The Committee further suggested that the Government of India should

appoint a Committee of Officials and Non-Officials for investigating into the effects of the present Convention on the various industries in the country so that the necessary material might be collected in proper time for use when fresh negotiations took place between the representatives of the two countries.

**Nomination of unofficial advisers to the Government of India during the negotiation of the Indo-Japanese Trade Convention.**—The Federation of Indian Chambers of Commerce and Industry in their letter dated 24th June 1936, informed the Chamber that the Government of India had asked them to nominate three representatives to serve as unofficial advisers to the Government during the course of the Indo-Japanese Trade negotiations. The Federation also stated that, in view of the shortness of time for choosing the representatives according to the usual double procedure, the names of Mr. D. P. Khaitan, Lala Shri Ram and Sir Rahimtoola M. Chinoy, if approved by the Member-Bodies, might be suggested to the Government of India. The Committee of the Chamber replied on the 29th June 1936, approving of the above suggestion of the Federation.

**Working of the Ottawa Agreement.**—On the 8th February 1936, the Committee submitted a detailed Memorandum to the Government of India, urging upon them the immediate termination of the Ottawa Agreement. The Memorandum is printed in the Report of the Chamber for the year 1935.

**Proposed stop-gap arrangement between the Governments of India and of the U. K. for the period between the termination of the Ottawa Agreement and the conclusion of a New Agreement.**—The attention of the Committee of the Chamber was drawn to a Press Report indicating the possibility of a Stop-gap arrangement being made between the Government of India and the Government of the United Kingdom to cover the period between the termination of the Ottawa Agreement and the execution of a fresh trade treaty. The Committee thereupon addressed a letter on the 16th June 1936, to the Government of India urging them to take Indian commercial opinion into confidence during the process of revision and also enquiring as to the exact stages reached by the negotiations as well as the programme proposed

to be followed by the Government in regard to the renewal of the Agreement. The Committee also pointed out that one of the main reasons for the unsatisfactory character of the Ottawa agreement and its denunciation in the Legislative Assembly was the exclusion of the Indian commercial opinion from consultation at the time of concluding the Agreement. The Committee therefore emphasised the necessity of consulting the commercial community at every stage in regard to the conclusion of a trade treaty or a Stop-gap arrangement between India and the U. K.

**Negotiations for the Conclusion of an Indo-British Trade Agreement.**—The Government of India addressed a letter dated the 22nd July 1936, to the Chamber stating that His Majesty's Government in the United Kingdom had announced their willingness to enter upon discussions with the Government of India with a view to the conclusion of a trade agreement in replacement of that concluded at Ottawa in 1932, notice of denunciation of which was given on behalf of the Government of India on 13th May last. As regards the procedure, the Government of India stated that in carrying on the negotiations, the first step would be for both the parties to prepare preliminary proposals for discussion and thereafter the same would be exchanged. The Government of India stated that in the preparations of the preliminary proposals they would associate with themselves a panel of un-official advisers, representative of commerce, industry and agriculture in India. After the preliminary proposals of each party had been examined by the other party, it was stated, personal contacts would be established in London between representatives of the Government of India and the un-official advisers on the one hand and the representatives of His Majesty's Government on the other, and that the final stages of discussion would be concluded there. The views of the Chamber were invited as to the lines on which it was considered desirable to conclude an agreement having regard to the advantages which should be sought for India and the reciprocal concessions which may be given in return. The Government of India also requested that with a view to the simplification of the work of co-ordination of the various opinions expressed, the existing Agreement be taken as a starting point.

The Committee of the Chamber addressed a letter on the 4th August 1936, expressing their thankfulness to the Government for

their assurance that in the course of the negotiations, they would associate with themselves a panel of un-official advisers. The Committee expressed the hope that the procedure followed in the appointment of these un-official advisers would be the same as the one followed in the case of the appointment of un-official advisers in connection with the negotiations for a trade agreement with Japan, which are now in progress. The Committee strongly urged that the Government of India should get the advisers elected by representative commercial organisations in India. The Committee also pointed out that the negotiations should be carried on in India and not in England, as otherwise Indian delegates who will have to proceed to England, would find it difficult to remain in constant touch with the various interests in the country. The Committee further pointed out that the negotiations which had been carried out in foreign countries in the past were always viewed with suspicion by public opinion in India. Moreover, the elections of the provincial legislatures under the new constitution were due in winter next and it would be very inconvenient for some of the un-official advisers to be absent from the country at that particular time.

On the 18th August 1936, the Committee further submitted a comprehensive memorandum to the Government of India setting out their views in detail in regard to the conclusion of a fresh trade agreement between India and England. In the course of the Memorandum, the Committee pointed out that the existing agreement should not be taken as the starting point as, if full advantage was to be taken of the opportunity, it was absolutely necessary that the negotiations should not be restricted within the framework of the Ottawa Agreement but that all aspects of the foreign trade of India be taken into account. The Committee stressed the importance of protecting indigenous industries in India, while giving any concession to the manufactured goods of the United Kingdom. After referring to the fundamental aspects of the foreign trade of India and particularly her economic relations with the United Kingdom, the Committee pointed out that the United Kingdom had to draw annually Rs. 78 crores by way of 'dividends' from India. This, the Committee stated, was met in previous years by the balance of trade in India's favour and, since 1931, by the exports of gold from India to the United Kingdom;



but these channels were drying up, as the balance of trade in India's favour and the exports of gold were diminishing. It was therefore necessary, the Committee pointed out, that the United Kingdom should make available to India a favourable trade balance to the extent of about Rs. 78 crores. This aspect of the question, the Committee stated, should be taken into consideration, in concluding the proposed trade agreement. The Committee next referred to the various items of exports from India to the United Kingdom to which adequate preferences should be granted in the United Kingdom market. These included, ground-nuts, ground-nut oil, coffee, tobacco, raw cotton, tanned hides and skins, etc. As regards the imports of goods from the United Kingdom to India, the Committee stated that the interests of indigenous industry including the small-scale industries should be sufficiently safeguarded in giving preferences to the manufactured articles from the United Kingdom. The Committee also made it clear that even if any preferences were given to British goods in India under the fresh trade agreement, India should not be deprived of the power to offer similar preferences to other important foreign customers in order to enable her to negotiate bilateral trade treaties with them.

The Indo-British trade negotiations are still going on between the Governments of the United Kingdom and of India in consultation with the un-official advisers.

**Trade Agreement between the Afghan and the Russian Governments.**—The attention of the Committee was drawn to a Press Note announcing the conclusion of a Trade Agreement between Afghanistan and Russia, based on the system of barter, for a period of three years during which an exchange of goods of the value of 15,00,000 gold dollars would take place between the two countries. The Committee thereupon addressed a letter to the Government of India not having taken any steps for concluding a trade agreement with Afghanistan, India's next door neighbour, while an Agreement should have been concluded between the Russian and Afghan Governments. The Committee also stated that if the Government of India did not take proper steps for examining possibilities of developing India's trade in neighbouring countries, other countries would take advantage of such trade by concluding bilateral trade agreements

with them, thereby adversely affecting the trade and commerce of this country. The Committee also enquired of the steps which the Government of India proposed to take in the matter.

**Export Trade of India with Germany.**—The Committee received a letter from the Federation of Indian Chambers of Commerce and Industry on the 12th November 1936 in connection with the report No. 5 submitted by Dr. K. L. Ganguly, the representative of the Federation in Germany. In the course of the report Dr. Ganguly pointed out that the export trade of India with Germany would only be carried on on the basis of private compensation. Thus Germany would not import Indian raw produce if an equivalent amount worth of German export to India be not forthcoming. In addition to this, certain articles such as dye stuffs, pharmaceutical products and certain chemicals, etc., in which Germany had hardly any fear of competition, were not allowed to be bartered with the exports of Indian raw products. Moreover, there were numerous cases in which the exports of German goods to India were bartered with the imports into Germany of articles from countries other than India, *e.g.*, Egyptian cotton, American Petrol, various English goods, etc. This, Dr. Ganguly pointed out, was a loss to India. The bulk of the German import trade in India, Dr. Ganguly pointed out, was carried on by Indian firms and German goods were imported mainly for the consumption of Indians. But the bulk of the Indian export trade into Germany was carried on by British firms, Indian firms not being protected by any consulates nor by their representatives in Europe nor by any Central Organisation of their own. As a result of this, many Indian exporters formerly carrying on a large export trade with Germany had in recent years to be content with a small portion of it. The Federation of Indian Chambers invited the attention of the Chamber to the suggestion of Dr. Ganguly that the import and export trade between India and Germany should be so arranged that in future all German exports to India were bartered with only such exports of Indian raw produce which were made by Indian merchants.

The Committee considered the important issues raised by Dr. Ganguly's report and addressed a letter to the Federation on the 5th December 1936 suggesting that in view of the importance of the question the Federation should make a suitable representation

to the Government of India, urging them to take suitable steps to improve the trade between India and Germany. The Committee pointed out that other countries were making inroads into Germany at the expense of Indian export trade due to the existence of mutual arrangements between those countries and Germany, as a result of which the exports of Indian products into Germany were decreasing and the favourable trade balance of Rupees ten crores which India had with Germany in the years 1927-28 and 1928-29 had now been transformed into an adverse balance of approximately Rs. 3 crores. The Committee further suggested that the Federation should communicate with the Indian Trade Commissioner at Hamburg in order to obtain further information about the nature of all the restrictions that Indian exports to Germany had to face and to find out by what arrangements the same could be overcome. In this connection the Committee also forwarded a copy of a letter received by them from Sir Sarupchand Hukumchand & Co., in regard to India's trade with Germany. The letter mentioned certain more recent changes made by the German Government re: the regulation of import-export trade, *e.g.*, that licences for imports of foreign goods would be withheld unless the value of German export goods ordered from abroad reached at least the amount of R.M. 50,000, which limit again could not be reached by combining several indents received by German exporters. Further compensation business was only to be permitted in connection with genuine additional exports of fair dimensions. It was also pointed out in the letter that there was a very severe control of hide and skin import prices and it was feared that most of the purchase of hides and skins from "not clearing" countries would be effected in future with payment of foreign exchange put at the disposal of buyers by the German Government. The result of all these would be that the imports from those countries which had no clearing arrangement with Germany would decrease considerably.

In view of this the Committee of the Chamber impressed upon the Federation the necessity of guarding the position of Indian export trade in Germany by taking suitable measures immediately. On 8th December 1936 the Federation forwarded a copy of the Annual Report submitted by Dr. K. L. Ganguly and invited the observations of the Chamber in this connection.

The matter is receiving the attention of the Committee.

**Imposition of Import duty on Australian Wheat Flour.**—It was brought to the notice of the Committee that owing to the difference in the import duty on wheat and wheat-flour having been removed, large shipments of Australian wheat-flour had arrived and were due to arrive in Rangoon which were likely to affect the Indian Flour Milling Industry adversely. The Committee thereupon sent a telegram on the 29th May 1936, to the Government of India, Commerce Department, stating that 2,100 cwt. of Australian Wheat Flour had already been imported into Burma from 1st April 1936 to the 7th May 1936, which was detrimental to the interests of the Indian Flour Milling Industry and Wheat growers in particular. The Committee requested the Government to increase the import duty on Flour from Re. 1 to Rs. 1-8-0 per cwt. and thus maintain the difference of annas eight per cwt. between the import duties on wheat and wheat-flour. In a letter dated 2nd June 1936, confirming the telegram, the Committee pointed out that wheat-flour was formerly subject to an import duty of Rs. 1-8-0 per cwt., but that only recently by the passing of the Indian Tariff (Second Amendment) Act, 1936 this duty was reduced to Re. 1 per cwt. This reduction of duty had been, as apprehended by the Committee, followed by increased imports of wheat-flour from Australia in Rangoon. The Committee therefore requested the Government to restore the import duty on wheat-flour to Rs. 1-8-0 per cwt. in order to prevent the imports of wheat-flour and a consequent loss of its legitimate market to the Indian Flour Milling Industry.

The Government of India replied on the 7th September 1936 stating that they had given their careful consideration to the matter and had come to the conclusion that there was no adequate ground for increasing the import duty on wheat flour at the present moment.

**Imposition of a Countervailing duty of Rs. 1-8-0 per ton on imports of South African coal into India.**—On the 29th May 1936, the Committee addressed a letter to the Government of India, Commerce Department, stating that owing to the importation of large consignments of coal from South Africa at Bombay, Indian coal was being ousted from that and other adjacent markets. The Committee pointed out that as far back as 1936 the Indian Tariff Board had come to the conclusion that the competition of the bounty-fed African coal in the Indian market was unfair. The imposition of a countervailing duty on South African

coal was however considered undesirable at that time on the ground that it was not likely to help the Industry at a point where help was most needed and that a duty on South African coal might provoke retaliatory measures from the South African Government. The Committee stated that since then the position had considerably changed, and countries after countries had been restricting imports by various devices like quotas, exchange restrictions, etc., in order to help their industries. The Committee felt that the time had now come for the Government to impose a countervailing duty on South African coal, especially when it had been conclusively established that the competition from such coal was unfair. It was also pointed out that the coal industry had been greatly affected by the present depression and especially by the additional burdens like cess, surcharges on Railway freight, terminal charges, etc., and that therefore, it was imperative for the Government to consider the question of imposing a countervailing duty of Rs. 1-8-0 per ton on South African coal in order to avoid another handicap being placed on the Industry particularly in its present state of depression.

In reply the Government of India forwarded a copy of their letter dated 4th December 1936 addressed to the Indian Mining Association in which it was stated that the position of Indian Coal was being watched by them and that in order to enable Indian Coal to compete successfully in the export markets against Japan and South Africa the Government had, with effect from the 1st October 1936, sanctioned an extra rebate of annas -/8/- per ton on coal exported to ports outside India and Burma. The Government of India were not prepared to believe that the conclusion of the Indian Fiscal Commission that "on principle there should be no import duty on coal" and the corroboration of this view by the Tariff Board of 1925-26, had since been vitiated. On the contrary the Government pointed out that the substantial rebate on railway freight on coal greatly strengthened the position of the coal industry in the export market. As regards the imports of South African coal into India the Government pointed out that an increase in the same in the months of June and July had not continued during August and September. Under the circumstances the Government of India stated that there was no justification for modifying the majority conclusion of the Tariff Board in 1926 and that it was inadvisable to impose a countervailing duty on South African Coal.

**Possibility of the Chamber opening a Licensed Measurers' Department.**—The Committee have had under consideration for some time past the question of the Indian Chamber undertaking the measurement of cargo on lines similar to that of the Bengal Chamber of Commerce. At the Committee Meeting held on the 15th May 1936, Mr. G. L. Mehta, the Vice-President was requested to investigate into the possibilities of the Chamber opening such a Department. Mr. Mehta submitted a comprehensive Report on the 27th June 1936, in which, *inter alia*, he pointed out the various difficulties that the Chamber would have to meet from the non-Indian Shipping companies carrying the trade of India. Mr. Mehta also mentioned the scale of charges that might be levied for such a work, as also the necessary expenditure to be incurred by the Chamber in opening the Department. Mr. Mehta stated that if the merchants consigning cargo press for the inclusion of the name of the Indian Chamber Licensed Measurers Department along with that of the Bengal Chamber Licensed Measurers Department in the usual contract forms, or if the Indian Chamber could get the Bengal Chamber agree to include such a clause, it would not be difficult for the Chamber to undertake the work. Mr. Mehta suggested that in order to ascertain the views of the shippers and Consignees, it would be better to invite the opinion of all the Members of the Chamber on the subject and enquire whether they would be willing to support such a scheme by utilising the services of Indian Chamber Licensed Measurers Departments, if such a Department is opened.

The Committee considered the Report on the 27th June 1936 and decided that a Special Meeting of the Committee and the Members of the Chamber interested in shipping goods be called to consider the question.

Accordingly a special meeting was convened on 11th September 1936, with Mr. G. L. Mehta, the Vice-President, in the Chair. Mr. Mehta pointed out that the question of the Indian Chamber undertaking the work of measuring cargo was very important, but that its success rested on the requisite support and co-operation of the shippers. The main difficulty, he pointed out, was to induce the Shipping Companies engaged in India's trade with other countries which were all non-Indian companies to agree to get the measurement done by the Licensed Measurers Department of the Indian Chamber. After some discussion it was decided that efforts for

establishing the Department be continued, and a special Sub-Committee consisting of Messrs. Bansidhar Jalan, Faizulla Gangjee, G. L. Mehta and B. Kanoria was appointed to further investigate the possibilities of starting the Department, even if on a small scale in the beginning.

The matter is receiving the attention of the Committee.

**Continuance of the Tea Control Scheme beyond March, 1938.**—The Government of Bengal, Commerce Department, in their letter dated 30th March 1936, informed the Chamber that the Government of India were considering the question whether the scheme of control over export and cultivation of tea embodied in the Indian Tea Control Act, 1933 should be continued beyond 31st March 1938, and requested the Chamber to furnish its views on this question.

The Committee replied on the 1st April, 1936 stating that they were of the opinion that the existing scheme of control should be continued beyond 31st March, 1938.

**Enhancement of Cess on Indian Tea Export from As. 12 to Rs. 1-4-0 per 100 lbs.**—On the 15th December 1936 the Government of India addressed a letter to the Chamber inviting its views on the suggestion before them that the cess on tea produced in India and exported therefrom should be fixed under section 3 of the Indian Tea Cess (Amendment) Act, 1936 at Rs. 1-4-0 per 100 lbs. The Committee of the Chamber in reply addressed a telegram to the Government of India on 23rd December 1936 opposing the proposed increase of tea cess to Rs. 1-4-0 and suggesting that in case any increase was necessary, the cess should be enhanced to Re. 1 only. The Committee followed this up with a letter to the Government on 2nd January 1937 inviting their attention to the Chamber's letter dated 15th February 1936 in the course of which it was emphasised that the collection of funds should be at a rate which would be consistent with the amount of money required for useful expenditure and that the maximum rate leviable should be Re. 1 per 100 lbs. The Committee also pointed out that the Indian Tea Market Expansion Board on whose recommendation only, according to Section 3 of the Amendment Act, the Government are to prescribe the rate of cess, had not come into existence. The Committee failed to appreciate the reason for the anticipation of

the work of the Board and suggested that even if an increase was necessary just now the increase of the cess to Re. 1 only would meet the purpose.

**Report of the Special Tariff Board on the Cotton Textile Industry.**—The Special Tariff Board, which was appointed in September 1935, to investigate the adequacy of the protective duties applicable to Cotton and artificial silk fabrics and to cotton yarns of British Manufactures made the following recommendations :—

- (a) That the duty on plain grey cotton piece-goods should be reduced from 25% *ad valorem* or four and three-eighths annas per pound, whichever is higher, to 20% *ad valorem* or three and a half annas per pound, whichever is higher,
- (b) that the duty on bordered grey bleached and coloured piece-goods (other than prints) should be reduced to 20% *ad valorem* and
- (c) that the duty on cotton yarns should remain unchanged.

The Report of the Tariff Board was published on 25th June 1936, and the Government of India announced their decision to accept these recommendations *in toto* and gave immediate effect to them by a Notification of the same date.

The Committee sent a letter of protest to the Government of India, Commerce Department on the 3rd July 1936, regretting the inordinate haste shown by the Government of India in implementing the findings of the Tariff Board for a reduction of the duties and expressed their feeling that the interests of India had been definitely subordinated to those of Lancashire, in whose interests alone such immediate action appeared to have been taken, and for whose benefit the Central Legislature had been denied the opportunity of expressing its considered opinion. The Committee pointed out that instead of considering the possible reactions of the reduction of duties on customs revenue and the budgetary position, it would have been more relevant if the Government had gauged the possible reaction of the reduction of duties on the indigenous cotton industry, the handloom industry and the general economy of the country. The Committee observed that if the lower duties were not likely to effect



a reduction in the total customs revenue, as anticipated by the Government it showed that the reduced duties would not afford adequate protection sought to be given to the industry by the Central Legislature and, indeed, by the Government themselves. If, as a result of the reduction of the duty, there was a possibility of an increase in the imports of Lancashire piece-goods to the extent of about 100 million yards, it only meant that the Indian Cotton Textile Industry and the Indian Handloom industry would have to curtail their production to that extent. It was also pointed out that the Indian Cotton Textile Industry, which was paying its attention increasingly in the direction of production of finer quality of piece-goods, would be very severely hit, inasmuch as Lancashire piece-goods under a reduced duty would be able to compete effectively with such production. The Committee concluded that considering the interests of the Indian cotton textile industry and the large number of workers employed in it and having regard to the general economic welfare of the country the Government of India should not have agreed so readily to reduce the duties by executive action, at any rate not until the Legislature was given an opportunity to give its verdict on such an important issue relating to the largest industry of the country.

**Revision of the list of Cotton Piece-goods.**—The Committee received a letter dated the 23rd September 1936, from the Director General of Commercial Intelligence and Statistics, forwarding a list of cotton piece-goods approved by the Government of India, which by the usage of trade had been recognised as piece-goods liable to assessment to import duty under item No. 48/3 of the first schedule of the Indian Tariff Act, 1934. The Director General enquired as to whether the Chamber had any additions or alterations to propose in the list.

The Committee replied on the 20th October 1936, stating that they had no modifications to suggest in the list.

**Difficulties felt by the match manufacturers in their dealings with the Excise Department, Bengal.**—At the instance of Messrs. Esavi India Match Manufacturing Co., and other member match factories, the Committee of the Chamber addressed a letter to the Government of Bengal on 14th August, 1936 inviting their attention to several difficulties experienced by the match

manufacturers of Bengal, in their dealings with the Excise Department. The first difficulty related to the refund of the price of damaged banderols returned to the Inspector of Factories. The Committee pointed out that in ascertaining the quantity of the damaged banderols, the Inspector used to weigh them previously but that this method had now been given up and the banderols were counted at the time of accepting their return. In counting, however, only such pieces were accepted as bore the imprints of the number and the crown intact, while others were discarded, thereby involving the factories in a loss. The Committee stated that in case of one factory the loss due to this unjustified rejection of damaged banderols came to about Rs. 1,600 in one year. The Committee therefore suggested that the Government should accept damaged banderols on weightment basis as was done previously. As an alternative to this, the Committee suggested that the Government should fix the percentage on which the refund of the price for damaged banderols might be allowed, after taking into consideration all the circumstances under which banderols were pasted and the factors determining the wastage.

The Committee next referred to the undue delay in giving the refund of the damaged banderols to match manufacturers in several cases. This, the Committee pointed out, resulted in appreciable amount of the factories' money being locked up with the said departments, as the refund was not paid for several months. The other difficulty to which the Committee referred, related to the number of sticks in each match box. In accordance with the Matches Excise Duty Act, 1934, the rate of duty is fixed on different kinds of match boxes according to the "average" number of splints contained in them. The Committee pointed out that in actual practice, the factory Inspectors did not interpret the term "average" reasonably, and they took the owners to task even if more than the required number of splints were found in one or two boxes selected from the whole lot. The Committee therefore requested that the Government should issue instructions to the inspectors to be more reasonable in this respect and not to follow only the letter of law. The Committee further stated that there were various other similar difficulties experienced by the match manufacturers and requested the Government to impress upon the officials of the Excise Department that in dealing with the match manufacturers they were controlling an important industry, and that persons engaged in that

enterprise were all businessmen of standing, who should be treated in a reasonable and courteous manner.

The Government of Bengal replied on the 7th November 1936 pointing out that as regards the system of checking damaged banderols they were unable, in the interest of safeguarding State revenue against the possibility of fraud, to permit any relaxation in the method of verifying the genuineness of the damaged banderols in respect of which a refund of purchase price was claimed. The suggestion of the Chamber that the checking should be done by simple weighment, did not find favour with the Government. Even the alternative suggestion of fixing a definite percentage for wastage for which refund should be allowed did not commend itself to the Government. In connection with the complaint made by the Chamber about delay in the payment of refund the Government regretted any inconvenience that might have been caused to the industry due to the fact that the administration of the Excise Law was a new thing for the Department and stated that effective steps were being taken to improve the procedure. In regard to the check imposed upon the number of matches loaded in each box the Government pointed out that the resident officer was bound to be cautious to prevent overfilling to the detriment of revenue. As regards the complaint about discourtesy on the part of Excise Staff, the Government of Bengal enquired of the details of any concrete cases in order to enable them to take necessary action.

The matter is receiving the attention of the Committee.

#### **Alleged unfair competition in the Match Industry.—**

At the instance of member match-manufacturers and after a thorough consideration, the Committee addressed a letter dated the 14th August 1936, to the Government of India, stating that in accordance with information supplied to them by some members of the Chamber interested in this industry, there was reason to believe that the Western India Match Company, Ltd., and the Calcutta Match Works, which were both non-Indian concerns were selling at least some of their products below the cost of production. The Committee pointed out that the Western India Match Company and the Calcutta Match Works, were selling boxes of 40 sticks of second quality at annas -/7/6 to -/8/- per gross and of 60 sticks of the same quality at annas -/7/3 to -/8/- per gross, while the cost of production

of the latter could hardly be lower than annas 9 per gross. Such a disparity in prices, the Committee stated, would make one naturally infer that at least some particular kinds of matches produced by these non-Indian match factories were being sold at a price considerably below their cost of production. The Committee further stated that the Western India Match Company were selling their "Tekka" brand of matches of 60 sticks of first quality at Rs. 2-13-0 per gross and a slightly inferior second quality of the same brand at Rs. 2 per gross, while the difference between the cost of production of these two qualities could not be more than 2 annas per gross. In view of this the Committee suggested that the Government of India should make an investigation and find out the extent to which these two non-Indian factories had reduced their selling prices and the extent to which they had suffered a loss by the sale of matches below their cost of production. If after such an inquiry it was found that these factories were engaged in unfair competition to the detriment of the Indian manufacturers, the Government of India should take necessary action to safeguard the interests of the Indian Match Manufacturing Industry.

The Government of India in reply wrote a letter to the Chamber on the 22nd December 1936 forwarding a copy of their letter to the Indian Match Manufacturers' Association on the subject. The letters to the Match Manufacturers' Association stated that the Government of India approached the Calcutta Match Works and the Western India Match Co., in this connection, who intimated their willingness to fix selling prices for match boxes containing 60 sticks at a minimum of Rs. 2/6/- per gross, provided all other Match Manufacturers in the Calcutta Territory (*i.e.*, Bengal and Assam) undertook to fix their selling prices for similar matches at a minimum of Rs. 2/4/- per gross. It was further stated that both these companies were prepared to adhere to this agreement only for so long as the above undertaking was not violated by any other Match Manufacturer. The Government of India desired to know whether the other Match Manufacturers were willing to give such an undertaking. The Government of India also requested this Chamber to supply them with similar information in the case of firms who may not be members of the Match Manufacturers' Association but were represented on the Chamber.

The matter is receiving the attention of the Committee.

**Classification of Paper for Tariff Purposes.**—The Government of India in their Resolution dated 23rd May 1936, in regard to the Tariff Board's Report on the classification of Paper for Tariff purposes, stated, *inter alia*, that they proposed to undertake a departmental enquiry as to whether the continuance of the surcharge on the paper protective duties was any longer justified, in view of the fact that the Tariff Board's recent recommendations broadened the scope of the protective duties on paper. The Government of India invited the views of the Indian Chamber in regard to this proposal of removing the surcharge.

The Committee addressed a letter on 27th June 1936, to the Government of India, Commerce Department expressing their surprise at the fact that the Government should have made the 'extension of the range of protection' a ground and an occasion for the removal of the surcharge. The Committee further stated that the imposition of 25% surcharge was a purely revenue measure having no relation to the question of protection to the Industry and that the surcharge should not be reduced or done away with merely because the industry subsequently received some benefit from a change in the protective duty arrangement. The Committee therefore protested against the proposal of the Government to make the question relating to protection the occasion for undertaking a departmental enquiry as to the justification of the continuance of the surcharge on the paper protective duties, and urged the Government to drop the proposal.

**Possibility of Indian Jute Manufactures being subjected to import duty in the United Kingdom.**—On learning from press reports about the likelihood of an import duty being imposed on Indian goods in the United Kingdom, the Committee addressed a letter to Mr. G. D. Birla, Sir P. Thakurdas and Seth Kasturbhai Lalbhai, non-official advisors to the Government of India in connection with the Indo-British trade negotiations, inviting their attention to the press report and stating that under the existing Ottawa Agreement jute manufactures of Indian origin were admitted free of duty in the United Kingdom while jute manufactures from other countries were subject to an *ad valorem* duty of 20 per cent. The Committee referred to the present plight of the Indian Jute Industry and stated that the non-official advisors would kindly keep the press report in view during discussions for the proposed Indo-British

Trade Agreement and see that no handicap is placed on Indian Jute Industry.

**Possibility of the United Kingdom levying an Import Duty on Jute Webbing.**—The fact that the Government of the United Kingdom was contemplating to levy an import duty on jute webbings from India having been brought to their notice, the Committee addressed a letter on the 11th November to the Government of India pointing out that there was no indigenous production of this commodity in the United Kingdom and hence there was no justification for levying such a duty on the part of the U. K. particularly as the incidence of the duty would fall upon the manufacturers of jute webbings in India. The Committee therefore requested the Government of India to impress upon the Government of the United Kingdom the desirability of not placing any handicap in the way of the Indian Jute Industry specially at the present depressed state of the industry in this country. The Committee also suggested that the opportunity of the negotiations now being carried on between the Governments of India and the United Kingdom for the conclusion of a fresh trade agreement might be utilised for pressing this point of view.

The Government of India replied on the 3rd November 1936 stating that the views of the Committee in regard to this question had been noted by them.

**Difficulties experienced by Kirana Merchants in Landing their goods at No. 9 Jetty.**—It was represented to the Committee by several Kirana Merchants of Calcutta that they experienced a great difficulty in clearing their goods at No. 9 jetty due to inadequate supply of cranes there. The Committee therefore wrote to the Collector of Customs, Calcutta, on 21st May 1936, stating that the Kirana Merchants were provided with only one crane for unloading their cargo for the past one year while formerly they were given two cranes for the purpose. The Committee pointed out that about 60 dinghies were lying at the jetty at that time for being unloaded and that one crane being able to unload only five to six dinghies a day, it would take a great deal of time to clear the whole lot. The delay in disembarking caused the Kirana Merchants much inconvenience and sometimes put them to a loss also. The Committee suggested that the Customs Authorities should fix a time-limit, say

three days, within which cargo must be delivered to the merchants after the arrival of steamers.

The Assistant Collector of Customs replied on the 2nd June 1936 stating that the position at Shed No. 9 would henceforward be reviewed daily by the Principal Appraiser of jetties and that he would take such steps as might be necessary to avoid delay and congestion. He further stated that a representative might be sent to call on this Principal Appraiser whenever any difficulties were experienced.

**Import duty on Bakelite raw material.**—At the instance of the Birla Cotton Spinning and Weaving Mills, Ltd., the Committee addressed a letter to the Government of India on 31st July 1936, inviting their attention to the necessity of reducing the import duty on bakelite raw materials. The Committee stated that there was an equal amount of duty, *i.e.*, nearly 30%, on both bakelite raw-material and manufactured goods. This acted as a handicap in the way of the indigenous manufacturers as they could not compete successfully with manufactured articles of bakelite imported from foreign countries. The Committee therefore requested the Government of India to consider the advisability of reducing the import duty on bakelite raw materials to a reasonable extent with a view to help the indigenous industry.

The Government of India replied on 24th September 1936, saying that they were unable to accede to the Chamber's request for the reduction of the import duty on bakelite powder. On the 12th October 1936, the Committee again wrote to the Government of India regretting the refusal of the Government to comply with their request without stating any grounds for their not doing so. The Committee pointed out that the Indian Fiscal Commission had laid down the policy that raw materials required for Indian industries should ordinarily be admitted free of duty and they requested the Government of India therefore to reconsider their decision and to be good enough to abolish the import duty on bakelite raw materials.

The Government of India replied on the 30th October 1936, forwarding a copy of the answer given to question No. 45 asked by the Hon'ble Sir Phiroze Sethna in the Council of State on the 20th September 1936. The Hon'ble Mr. H. Dow on behalf of the

Government stated in reply to the above question that the import duty on the different articles made from bakelite powder was 20, 25 or 30 per cent. *ad valorem* according to the nature of the article. He further stated that *ad valorem* duties were calculated on the value of the article as it was at importation, so that bakelite powder, as compared with articles manufactured from it, paid proportionately less duty. It was also stated that enquiries made by the Government in this connection showed that imported goods were also being manufactured in this country from Indian lac and a reduction of duty on moulding powder (bakelite or other types) would affect prejudicially the prospects of indigenous lac.

**Definition of the term "Far East" in the Indian Customs Tariff.**—The Director General of Commercial Intelligence and Statistics invited the opinion of the Chamber on a proposal of inserting the following note at the beginnig of the Tariff Value Notification.

"In this Notification the expression Far East means, China, Japan, the Straits Settlements, Malaya, Ceylon, Siam, French Indo-China, the Netherland East Indies and other Far Eastern countries."

The Committee replied on the 8th August 1936, stating that they had no objection to the above proposal.

**Deletion of the head "Vegetable Product" from the Tariff Valued List.**—The Director General of Commercial Intelligence and Statistics invited the views of the Chamber on the proposal of deleting the head "Vegetable Product" (Excluding hardened Coconut Oil) from the Tariff Valued List. The Director General stated that as the import of this article had considerably declined recently and were mainly in small containers for retail sale, the need of a Tariff value for vegetable product was no longer felt.

The Committee replied on the 14th September 1936, that they did not desire to take exception to the proposal. Subsequently the Committee received a letter from Messrs. Hoosen Kasam Dada on the 26th September 1936, stating that the proposal of the Director General, if carried out, would be contrary to the interests of the indigenous vegetable products industry. The Committee thereupon addressed a letter to the Director General on the 7th



October 1936, stating that they had learnt from one of their constituents interested in the article, that the proposed deletion of the head "Vegetable Product" would assist the importers of the article to dump the foreign goods in India, thereby adversely affecting the indigenous vegetable products industry. The Committee pointed out that the prices of manufactured vegetable products and oils were subject to wide fluctuations in the market and they therefore felt that if "Vegetable product" was removed from the tariff valued list, importers would get an opportunity to make misdeclaration as regards the value of the product, which would work to the detriment of the indigenous vegetable industry. The Committee therefore requested the Director-General not to delete the head "Vegetable product" from the Tariff Valued List.

**Increased protection to Silk Industry.**—On the 31st August 1936, the Director of Industries, Bengal, addressed a letter to the Chamber stating that he had been requested by the Department of Industries, Government of Mysore, to ascertain if any private individual or registered body interested in the sericultural industry was willing to co-operate with the Mysore Silk Association in their proposed deputation on the Hon'ble Members of Commerce and Industries and Labour, of the Government of India, in order to represent the urgent necessity of enhancing the protection to the Indian Sericultural Industry. The Director of Industries, Bengal, inquired as to whether the Chamber was in a position to extend its co-operation in the matter and in that case the nature and extent of the same.

The Committee also received a letter dated the 31st August 1936, from the Mysore Chamber of Commerce in this connection requesting the Chamber to co-operate with them in regard to the representation to be made by them on this question.

The Committee replied on the 16th September 1936, to the Director of Industries, Bengal, stating that the Chamber fully supported the demand of the Mysore Silk Association for increased protection to the indigenous silk industry. The Committee pointed out that the silk industry was one of the important small scale industries in India and in the opinion of the Committee the protection given to the same should be adequately increased in order to enable the industry to survive competition from foreign imports. The

Committee sent a reply to the Mysore Chamber also on the same date assuring them of their hearty support to the demand of the indigenous silk industry for increased protection.

**Annual Revision of Tariff Values.**—The Director General of Commercial Intelligence and Statistics wrote a letter on the 26th October 1936 forwarding a copy of the provisional tariff rates for 1937 and intimating that he would be willing to meet the representatives of the Chamber in his office on Tuesday the 24th November at 11-30 A.M., in order to discuss the provisional proposals for tariff values for 1937. Accordingly Mr. M. K. Powvala (of Tata Iron & Steel Co., Ltd.), along with the Secretary met the Director General at his office. It was pointed out that the proposed increase in the tariff value of pig-iron from Rs. 65 to Rs. 70 per ton was unjustifiable inasmuch as the market price of pig-iron produced by the Tata Iron & Steel Co., Ltd., and Indian Iron & Steel Co., Ltd., averaged during the last 12 months at about Rs. 55 per ton. This average being substantially below Rs. 65 which was the tariff value for 1936, it was suggested by the representatives of the Chamber that the tariff valuation of pig-iron ought to be lowered rather than raised. The Director General in reply pointed out that the prices of indigenous pig iron had nothing to do with the tariff valuation, which depended upon the prices of imported pig-iron only. He further stated that as the prices of imported pig-iron had gone up considerably during the last 12 months, the proposed increase from Rs. 65 to Rs. 70 per ton was justified.

**Annual Revision of the List of Articles specified in the Sea Borne Trade Returns of British India.**—The Committee received a letter dated 13th November 1936 from the Director General of Commercial Intelligence and Statistics saying that the annual revision of the list of articles to be specified in the Sea Borne trade returns was under consideration and requesting the Chamber to forward suggestions, if any, in that connection. The Committee replied on the 1st December 1936 stating that they had no suggestions to make.

**Plea for industrialisation of India in order to cure Unemployment.**—The Hon'ble Sir James Grigg delivered a speech in the Legislative Assembly on the 19th March, 1936 in reply to the debate on the Indian Finance Bill during the course of

which he made some remarks creating an impression that the theory of industrialisation as a cure for unemployment in general and middleclass unemployment in particular was entirely wrong. The Committee of the Chamber addressed a comprehensive memorandum on the 23rd April, 1936 to the Government of India, Finance Department, refuting the Finance Member's arguments with facts and figures. The cases of the development of the Cotton Textile, Sugar, and Steel industries in India were given to illustrate the wisdom of following a policy of protection with a view to industrialize the country. With regard to the theory of the consumers' burden which was stressed by Sir James Grigg, the Committee stated that this was fallacious as the prices of commodities or articles which were given protection had not increased during the protective period. The Committee were of the opinion that if new industries were developed in India, her import and export trade would not at all be impaired, for it was a common fact that increased trade and prosperity stimulated demand in various directions not existing before. The Committee stated that but for the development of industries, the misery of unemployment and the pressure of population on land would have been far greater than what it was at present. The Committee expressed their surprise that the Hon'ble the Finance Member should have challenged the policy of the Government of India in regard to protection and the development of industries. India being industrially backward, the Committee urged that the Government should give even greater encouragement to industries in the country and also render the fullest assistance by giving adequate protection to them.

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### FINANCE.

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**Budget Proposals of the Government of India for 1936-37.**—The Hon'ble the Finance Member to the Government of India introduced his budget for 1936-37 in the Legislative Assembly on 28th February, 1936. The Committee sent a telegram to the Government of India on the 29th February, 1936 expressing their disappointment at the non-remission of the whole of surcharges on income-tax and super-tax, although the surcharges were imposed

as urgency measures and hence were expected to be of a temporary duration. The Committee considered that the Finance Member's estimates of revenue were again far on the conservative side. The Committee also urged that the rates for post card should be reduced to six pies in general public interest.

**Report of Sir Otto Niemeyer on the Indian Financial Enquiry.**—On the publication of Sir Otto Niemeyer's Report regarding the financial relations between the Central and Provincial Governments under the Reformed Constitution, the Committee sent a memorandum to the Government of India, Finance Department, on the 12th May, 1936 forwarding the views of the Chamber on the Report. The Committee stated *inter alia* that the requirements of the Central Government were comparatively limited whereas the functions of the provinces were capable of indefinite expansion. Most of the services which were socially and economically beneficent to the people of the country were provincial in character *vis*, education, public health, agriculture and industries. The Committee pointed out that India was incurring expenditure on the primary functions of Government such as defence and maintenance of law and order, which was as high in proportion to her wealth as that of the Western nations, while her expenditure on social services, such as education, sanitation, industrial and agricultural improvements, &c., was far behind Western standards, and was in many directions almost non-existent. If, therefore, the standard of life of the people as a whole was to be raised, the paramount importance of provincial finance could not be ignored. As regards grants from the Jute export duty the Committee stated that they saw no reason why the Government should not allot the balance of  $37\frac{1}{2}\%$  of the jute export duty also to the Provincial Governments concerned. Since Bengal's economy was directly dependent upon the production, trade and manufacture of jute, it was equitable that any revenue derived from that commodity should be assigned to the province itself. The Committee also recorded their strong protest against the observations of Sir Otto Niemeyer in regard to the stabilization of the present surcharges on income-tax and super-tax and hoped that the Government of India would not take advantage of the general observations made in the report to perpetuate these surcharges. Referring to the distribution of taxes on income, the Committee stated that the retention of any share of income-tax

receipts by the Centre had been a sore point with the provinces ever since the Meston settlement. In addition to having been severely handicapped along with the other Provinces by Sir Otto's recommendations in regard to the distribution of Income-tax only to the extent of 50% of the net yield, Bengal had been further hit adversely even as regards the allocation of the percentage of this 50% to her, for, while the Percy Committee recommended for allocation to Bengal the amount of Rs. 405 lakhs out of a total amount of Rs. 1,350 lakhs available for distribution to the Provinces, *i.e.*, about 30% of the total amount, Sir Otto recommended the allocation of only 20% of this 50% to Bengal. The Committee concluded that Bengal would therefore not be able to expand her social services or pursue a constructive programme of national welfare under Sir Otto's recommendations.

**Stamp Duty on Inland Bills of Exchange.**—On 30th June 1936, the Committee addressed a letter to the Government of India inviting their attention to the adverse effect of the existing stamp duties on Inland Bills of Exchange. The Committee stated that the present rate of Stamp Duty on these Bills was 18 pies per cent., which worked out at 9 pies per cent. per month or 9 annas per cent. per annum. This exorbitant rate of duty acted as a great handicap in the way of the wide use of these Bills of Exchange. The Committee also pointed out that several Commissions and Committees including the Royal Commission on Indian Currency and Finance, 1926, the Central Banking Enquiry Committee and various Provincial Banking Enquiry Committees, had condemned this duty and urged for its total abolition, inasmuch as it checked the expansion of internal trade and commerce of the country. The Committee regretted that inspite of this, the Government had taken no steps to abolish this duty or even to reduce its rates. The plea about the adverse effects of the abolition of the duty on the revenues of the Provinces no longer existed, as the high rate of duty led to such a decline in the use of these bills, that they were almost a negligible source of revenue at present. The Committee pointed out that after the establishment of the Reserve Bank in India, the necessity of abolishing the duty was all the greater, as the proper development of Inland Bills Market was essential for the proper working of Central Banking operations. In this connection the Committee quoted the instance of the U. S. A., where the Stamp duty on Bills

of Exchange was the first to be abandoned, when a Centralized Banking system was introduced. The Committee therefore urged the Government to take immediate steps to do away with this iniquitous and harmful Stamp duty.

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## PUBLIC AFFAIRS.

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**Gambling and Speculation at the time of publication of Jute Forecasts.**—The Director of Agriculture, Bengal, addressed a letter on the 15th January, 1936 to the Chamber in which he requested for the opinion of the Chamber as regards the effectiveness or otherwise of the procedure of issuing Preliminary and Final Forecasts of Jute crops in groups, as adopted in June 1935, in restricting gambling and speculation at the time of publication of Forecasts. The Director of Agriculture also enquired whether the Chamber was in favour of continuance of this scheme, adopted as an experimental measure for the future forecasts. The Committee of the Chamber replied on 30th January, 1936 that after carefully considering the question they were of the opinion that the procedure of issuing figures in groups was better than the previous one of issuing consolidated figure on a particular date, for restricting gambling and speculation at the time of issue of forecasts, and they were in favour of its continuance.

**Parking Facilities in Clive Street.**—The Calcutta Traffic Advisory Board addressed a letter to the Chamber on the 8th April, 1936 stating that the existing parking facilities in the Clive Street area were proving unsatisfactory, and that a number of complaints were being received from business houses to the effect that vehicles setting down and picking up their clients had to do so in the middle of the road owing to the number of vehicles parked on the kerb side and it was therefore decided to obtain the views and suggestions of the Chambers of Commerce, the Automobile Association of Bengal and other public bodies in this connection. The Committee replied on the 17th April 1936, stating that in their opinion the existing facilities were satisfactory and requesting the Traffic Advisory Committee not to introduce any new regulation for parking at present.

**Rash Driving in the vicinity of the Ballygunge Lake area.**—On a representation from one of the members of the Chamber re: rash driving of cars around the Ballygunge Lake area, the Committee addressed a letter dated 16th June 1936, to the Commissioner of Police, Calcutta, stating that several instances of rash driving of cars around the Ballygunge Lake at a speed of about 50 miles an hour had been reported and that this practice was obviously dangerous to the safety of the public in places of recreation like the Lake, especially in the morning and evening when ladies and children take their walk round the Lake. The Committee urged that a speed limit similar to the one provided for vehicles in Calcutta, should be fixed in the Ballygunge Lake area and suggested that immediate steps should be taken by the Calcutta Police to limit the speed of cars to a maximum of 15 miles an hour round the Lake.

Subsequently the Committee received a Notification dated 18th December 1936 from the Commissioner of Police in regard to the Draft Rule proposed to be made by him to the effect that the speed of motor vehicles should not exceed 15 miles per hour in the area falling within Gariahat Road, The Eastern Bengal Railway Diamond Harbour Branch embankment, Russa Road and Rash Behari Avenue—which is known as Dhakuria Lake Area. The Committee replied expressing their satisfaction at the proposal and supporting the measure.

**Disconnection of telephone of Messrs. Sewnarayandas Ramniranjandas, (Murarka & Sons, Ltd.).**—Messrs. Murarka & Sons, Ltd., wrote to the Chamber on the 3rd September 1936, complaining that the Bengal Telephone Corporation had disconnected their telephone No. B.B.-729 on the ground of a false fire alarm made from it whereas no such call was made from the said number. In support of their contention Messrs. Murarka & Sons, Ltd., stated that even in the register of the Calcutta Fire Brigade, the number from which the fire alarm in question originated was mentioned as B. B. 234 and it was only after the fire engines returned from that place without finding any fire that the Fire Brigade enquired from the Telephone Exchange and were told that the call originated from B.B. 729. It was a curious coincidence, they stated, that No. B.B. 243 was also owned by them some years back but now it was owned by somebody else. The Committee accordingly wrote to the Telephone

Corporation bringing the facts to their notice and regretting their action in disconnecting the number without sufficient reasons, which had put the party to great inconvenience.

The Bengal Telephone Corporation replied on the 18th September 1936, stating that they were in a position to prove conclusively that the call in question did originate from B.B. 729 and that three independent witnesses had certified the origin of the call. The Corporation further stated that the Commissioner of Police had carried out a very exhaustive enquiry into the matter and he was personally satisfied as to the origin of the call from B.B. 729. The Corporation pointed out that their action of disconnecting telephone was necessary in order to assist the Fire Brigade authorities in preventing the recurrence of false calls and the waste of public funds entailed thereby.

**Electoral Roll of the Indian Chamber of Commerce Constituency of the Bengal Legislative Assembly.**—The draft Electoral Roll of the Chamber was published by the Government on the 3rd August 1936 and the same was kept open for inspection from the 3rd to 19th August 1936 at the Chamber's premises. The final Electoral Roll of the Indian Chamber of Commerce Constituency was published by the Commissioner of the Presidency Division, Calcutta on the 1st October 1936. The Roll included the names of 99 members of the Chamber.

**'Silence Zone' in Central Avenue near Medical College and School of Tropical Medicine.**—The Automobile Association of Bengal wrote a letter on the 10th July 1936, to the Chamber intimating that at a recent meeting of the Traffic Advisory Board, it was suggested that a "Silence Zone" should be arranged in Central Avenue near the Medical College and School of Tropical Medicine from 11 P.M. to 6 A.M. and requesting the Chamber to express its opinion on the same. The Committee replied on the 23rd July 1936, stating that they were in favour of having a 'Silence Zone' in this area from 11 P.M. to 6 A.M. as suggested.

**Information Bureau started by the Bengal Telephone Corporation, Limited.**—The Bengal Telephone Corporation informed the Committee on the 29th November 1936, about their starting an Information Bureau for supplying information to the public about the arrival of air mails, etc. They further stated that



in the first instance the information would relate only to the in-coming airmail from London, but if it would be found that there is a public demand for information in connection with other routes, the facility would be extended. The Bengal Telephone Corporation requested the Committee of the Chamber to make suggestions for extending the scope of the department as well as for indicating some reliable sources from which information might be obtained in the first instance.

The information was circulated among the members of the Chamber inviting their suggestions in regard to this matter.

The matter is receiving the attention of the Committee.

**Brahmini Bulls in the Streets of Calcutta.**—The Commissioner of Police, Calcutta, addressed a letter to the Chamber pointing out that the 'Brahmini Bulls' menace had considerably increased in Calcutta. The Commissioner gave figures of the last four years in this connection, which showed that the number of persons injured by these animals increased from 9 in 1933 to 15 in 1936. The Commissioner of Police therefore invited the views of the Chamber in regard to a satisfactory solution of this difficult problem. He also enclosed a copy of a reply received by him from the Marwari Association stating that the Hindu sentiment over this matter was very keen and sensitive and suggesting that a conference of leading Hindu citizens of the city and representatives of public bodies like the Corporation, Pinjarapole Society and the C. S. P. C. A. be called to find out the best way to tackle the problem. The Committee of the Chamber replied on 23rd December 1936 supporting the suggestion of convening a Conference of leading citizens for finding out the remedy for the nuisance. The Committee further suggested that the question of handing over these unattended bulls to the Pinjarapole might also be considered.

**Second Approach to the New Howrah Bridge.**—The attention of the Committee having been invited to the fact that in the plan of the New Howrah Bridge provision had not been made for an approach to the Bridge from the North on the Howrah side, the Committee addressed a letter on the 22nd December 1936 to the Commissioners for the New Howrah Bridge, inviting their attention to the Chamber's letter dated 28th December 1934 in the course

of which the Committee had suggested that in addition to the approach to the New Howrah Bridge from the Grierson Road there should also be a provision for an approach from the northern side of Howrah. The Committee were given to understand that it had been decided to have a second approach to the New Howrah Bridge on the Howrah side and they enquired of the Port Commissioners as to whether the second approach was the same as the one recommended by the Committee. The Commissioners for the Port of Calcutta replied on the 8th January 1937, informing that no provision had been made in the estimate for a second approach, but that the layout of a proposed second approach had been designed to admit at a later date of a road being constructed to the north.

The Committee again addressed a letter on the 12th January 1937 to the Commissioners stating that if no provision were made for a second approach from the north of Howrah the result would be a sort of bottleneck on the Howrah side and the residents in the northern area would have to make a detour of nearly half a mile to reach the Howrah Bridge. The Committee pointed out that the second road would be very essential to avoid heavy and congested traffic in the approaches to the Bridge at the Howrah side, and requested the Commissioners that in view of the interest of the large section of residents and of the various important mills on the northern side of Howrah, a similar north approach should be provided. The Commissioners replied on the 14th January 1937 stating that a scheme for a second approach was being prepared by the Chief Engineer, Calcutta Improvement Trust, for consideration by the Government and that it was their intention to complete this road by the time the new bridge is opened to traffic.

**Damages to Sugar Consignments on the I. G. N. Co's Steamers.**—At the instance of Messrs. Hoosen Kasam Dada the Committee addressed a letter to Messrs. Kilburn & Co. of the I. G. N. and R. S. N. Co., Ltd., in regard to their refusal for paying damages for a sugar consignment delivered to Messrs. Hoosen Kasam Dada in damaged condition. The Steamer Companies justified their refusal to pay damages on the ground that sugar is a commodity which is liable to be damaged by inherent vice, sweating etc., and hence no responsibility attached to them. The Committee however, felt that the damage in the particular case mentioned by Messrs.

Hoosen Kasam Dada was so considerable as to lead to the conclusion that a major part of it must have resulted from river water and inadequate dunnage for which steamer Companies are responsible. The Committee stated that sugar consignments brought over in all-rail route were hardly damaged which not only proved that sugar did not leave the factory in a damaged condition but also that the damage done was peculiar to sugar carried by the Steamer Companies and perhaps due to frequent transshipment, etc. The Committee therefore requested the Steamer Companies to look into the matter and settle the matter amicably with the party. The Steamer Companies replied on the 25th November 1936 saying that the damage to the sugar consignment in question was not due to frequent transshipment as pointed out by the Chamber, because, it was very carefully handled during transshipment. The Steamer Companies however, assured the Committee that everything possible was done by them to ensure a careful transit of sugar and stated that in regard to the particular case under dispute steps were being taken for arriving at a settlement satisfactory to both the parties.

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## LAW AND LEGISLATION.

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**The Bengal Water Hyacinth Bill, 1935.**—On the 8th January 1936, the Bengal Legislative Council Department forwarded a copy of the Bengal Water Hyacinth Bill, 1935 for the views of the Chamber on the provisions in the Bill.

The Committee of the Chamber wrote on the 17th January 1936, to the Bengal Legislative Council Department, saying that they were in general agreement with the provisions of the Bill.

**Draft Amendments in the Indian Coal Mines Regulations, 1926.**—The Government of Bengal forwarded on 10th March 1936, for the views of the Chamber a Notification issued by the Government of India publishing the draft of certain amendments in the Indian Coal Mines Regulations, 1926 with a view to safeguard against the breaking out of fire in coal mines. The Committee replied on the 17th April 1936, that after carefully considering the proposed amendments, they were in general agreement with the same except in case of one amendment by which the Government of India

proposed to apply regulations under the Coal Mines Act, 1911 in case of "Permitted Explosives". The Committee stated that the Coal Mines Act being an Act for British Mines should not be made applicable in India for Indian Mines, unless and until regulations or orders suitable to Indian Mines were enacted. The Committee therefore suggested that from the Draft Amendments, item No. IV-116-A(b) relating to "Permitted Explosives" be deleted.

**Indian Companies Act Amending Bill.**—The Government of India introduced a Bill further to amend the Indian Companies Act, 1913 in the Legislative Assembly on the 23rd March 1936. The Bill was referred to a Select Committee of the Assembly for being placed for consideration at the Simla session of the Assembly. The Committee of the Chamber appointed a special Sub-Committee to go into the question. The Sub-Committee went through the Bill clause by clause and after a very careful consideration a comprehensive memorandum was submitted to the Government of India, Legislative Assembly Department, on the 22nd June 1936, embodying the views of the Committee on the various clauses of the Bill. The memorandum was circulated to members of the Chamber for information.

The Bombay Shareholders' Association, however, having suggested the prohibition of managing agent from entering into contracts with the company as principal without being bound to account for profits made in the transactions, the Committee addressed a letter to the Hon'ble the Law Member on the 3rd August 1936, stating that while they were agreeable to the suggestion, they wished to make clear that there should be no restriction on one company under a managing agent contracting or dealing with another company under the same managing agent. Since the proposal may be open to misinterpretation, the Committee emphasized that the restriction should be limited only to the contracts of managing agents with the company as principals and should not extend to the transactions between two sister companies under the same managing agents.

The Bill was considered by the Legislative Assembly at the Simla Session and was finally adopted. It came into force from 15th January 1936 and is styled as the Indian Companies (Amendment) Act, 1936.

**Special Legislation to ensure the safety of Air-Craft in flight.**—The Government of Bengal addressed a letter to the Chamber on the 19th February 1936, enclosing a copy of letter dated 20th January 1936 from the Government of India in regard to the proposal of introducing special legislation to ensure the safety of air-craft in flight. The Government of India stated in their letter that the main air routes in India were being reorganized and considerable sums were to be spent on the improvement of aerodromes and landing grounds. But the effect of this comprehensive programme, they stated, might be impaired in the absence of Government control over private property. The Government of India therefore proposed that firstly it would be necessary to provide safe approaches to any aerodrome or landing ground, as the Government had no power to require existing buildings or obstructions to be modified or removed, or to control the erection of new buildings and obstructions in the vicinity of aerodromes or landing grounds. Secondly the Government had no power over the aerial system of any form of continuous conductor, *e.g.*, a power line, a telegraph or telephone line, large buildings or large trees, as the same would impair the use of wireless for communication with air-craft by the presence of such an aerial system within five hundred yards. The Government therefore proposed to introduce legislation for acquiring that power also. Thirdly the Government of India desired to have special powers for lighting of private property, as they had no such legal means in cases when it might be desirable or necessary for the safety of air-craft in flight to light such private property. The opinion of the Committee of the Chamber was invited on these proposals of the Government of India.

The Committee replied on the 14th March 1936, to the Government of Bengal that they were in general agreement with the proposals made by the Government of India to undertake legislation to ensure the safety of air-craft in flight.

**Reforms in the Income-tax Law in India : Enquiry by Experts.**—In the last Annual Report of the Chamber reference was made that two Experts from the United Kingdom Board of Inland Revenue, were conducting an enquiry into the Indian Income-tax system. On the 30th January 1936, the Committee submitted for consideration of these Experts a detailed Memorandum bringing

out the grievances of the public due to the Administration of Income-tax Law and suggesting reforms in the system.

Mr. K. J. Purohit and Mr. M. P. Gandhi, Secretary, appeared on behalf of the Chamber for tendering oral evidence before the Experts on the 10th February 1936. The representatives of the Chamber dealt with various matters relating to Income-tax Act as it exists in India. Among the points discussed were provision of relief in subsequent years for errors or mistakes in the past, provision of family allowance, prevention of roving enquiry by Income-tax Officers, provision for double depreciation on machinery where it is running day and night, etc.

**Proposal to amend the Indian Tea Cess Act.**—The Committee received a letter dated 27th January 1936, from the Government of India along with a copy of the Memorandum submitted to them by the Indian Tea Association re: the proposal for amending the Indian Tea Cess Act. The Indian Tea Association stated in their Memorandum that in July, 1935 with the unanimous approval of the Tea Industry of India, Ceylon and Netherlands East Indies, the International Tea Market Expansion Board was formed with the object of promoting the sale and increasing the consumption of "The good black tea of India, Ceylon, Java and Sumatra" and also for co-ordinating the efforts and funds which these three countries had decided to devote for that purpose. The Indian Tea Association also stated that in order to expand the campaigns to fullness, an annual expenditure of not less than 85 lakhs of rupees was required and bearing in mind the quantity of tea exported by India in comparison with Ceylon and the Netherlands East Indies and the fact that India levied cess on Exports of tea unlike the other countries where it was levied on tea produced, the Indian Tea Association proposed to specify maximum cess of Rs. 1-8-0 per 100 lbs. of tea exported in the case of India instead of annas -/12/- per hundred lbs., levied at present. Secondly it was proposed that the name of the Indian Tea Cess Committee be altered to the "Indian Tea Market Expansion Bureau". Thirdly it was proposed to raise the number of members in the Committee (Bureau) from 20 to 25 and to provide for greater representation thereon of the Indian Tea interests. One seat on the Committee was to be given to the Federation of Indian Chambers of Commerce

and Industry. The Tea Association further suggested that in view of the orders of the Government of India requiring that all tea exported to Iran by land must be covered by an export license, it should be deemed reasonable to make an amendment of the Indian Tea Cess Act as would enable cess to be collected on such exports. It was also proposed to give borrowing powers to the Indian Tea Cess Committee.

The Committee addressed a letter on the 18th February 1936, to the Government of India expressing their views on the various points raised by the Indian Tea Association. At the outset the Committee made it clear that the collection of funds should be at a rate which would be consistent with the amount of money required for useful expenditure. The Committee felt that the fixing of tea cess at the rate of Rs. 1-8-0 per 100 lbs. instead of annas -/12/- would be unduly high and they were of the opinion that the Government of India should raise the cess to Re. 1 per 100 lbs. on tea exported. In regard to the formation of the International Tea Market Expansion Board in London, the Committee desired the Government of India to lay down that the direct responsibility for all foreign propaganda and the management and voting of all the funds in this connection should rest with the Indian Tea Cess Committee. The Committee also impressed upon the Government of India the necessity of having an adequate representation of the Indian tea industry on the International Body in view of the magnitude of the Indian tea interests in the world compared to those of Ceylon and the Netherlands East Indies. The Committee also suggested that a larger number of Indians be employed for carrying out propaganda work, etc., of the Indian Tea Cess Committee. Regarding the proposal for changing the name of the Indian Tea Cess Committee to Indian Tea Market Expansion Bureau, the Committee of the Chamber were of the opinion that the change was immaterial and not desirable as it was likely to create confusion. As regards the borrowing powers to be given to the Tea Cess Committee, the Committee of the Chamber felt that it would be hardly judicious to do so, as it might then turn out to be a source of danger in times of depression, when the propaganda initiated by the Cess Committee cannot be curtailed immediately and the tea industry would have to pay high cess due to the previous commitments and expenditure of the Tea Cess Committee on account of

the borrowing power given to them. In the end the Committee emphasized that the maximum cess should be fixed at Re. 1 only per 100 lbs. instead of Rs. 1-8-0 as proposed by the Indian Tea Cess Association.

Accordingly a Bill was introduced in the Legislative Assembly to amend the Indian Tea Cess Act in accordance with the proposals of the Indian Tea Association. It proposed to give power to the Government to raise the cess on tea to the maximum of Rs. 1-8-0 per 100 lbs. The Bill is already passed into an Act.

**Bengal Weights and Measures of Capacity Bill, 1935.—**

On the 10th June 1936, the Government of Bengal forwarded a copy of the Bengal Weights and Measures of Capacity Bill, prepared by Maulvi Abdul Hakim, a non-official member of the Bengal Legislative Council. The object of the Bill, as stated, was to do away with the corruption, disadvantage or deception that is being practised by many shop-keepers especially by grocers in almost all parts of the province of Bengal. According to the provisions of the Bill, the standard weight was to be called a seer, which would be equal in weight to 80 tolas. It was also provided in the Bill that, after a notification being issued by the local Government applying the provisions of the Bill in a particular area, all contracts and dealings should be made according to weights and measures of capacity authorised by or under the Act. Section 12 of the Bill provided for the imposition of a fine to the extent of Rs. 200 and, in default, imprisonment extending to 3 months, in case of contravention of any of the provisions of the Act.

The Committee of the Chamber replied on the 6th July 1936, stating that, in their opinion, the object of the Bill was quite good, but that the making of contracts or dealings according to other weights and measures, *e.g.*, lbs., cwt., tons, gallons, etc., should also be provided for in the Bill along with seers, maunds, etc., as the former weights were also used in India in several contracts and dealings.

**Insertion of New Rule 43A in the Bengal Factories Rules, 1935.—**On the 23rd March 1936, the Government of Bengal forwarded to the Chamber a Notification proposing the insertion



of rule 43A after rule 43 of the Bengal Factories Rules, 1935, providing *inter alia* that no ramp, or stairway or any part thereof, shall be constructed of wood in case of Jute factories.

The Committee replied on the 2nd June 1936, stating that they agreed that in the construction of ramps or stairways due regard must be had to the safety of the employees, but that there was apparently no reason why "wooden" stairways should be prohibited as was sought to be done by the Draft Rule. The Committee understood that in almost all the Press Houses all ramps or stairways were constructed of substantial wood, which had not proved dangerous so far in any way. The Committee felt that on the contrary iron or cemented stairways would be risky and even dangerous to human life as they become slippery in the rainy season. The Committee therefore stated that it would not be proper to replace wooden stairways by iron and cemented ones or to prohibit the use of wood in the construction of ramps or stairways and that the proposal be therefore dropped.

**Draft Amendment to Rule 65 of the Bengal Factories Rules, 1935.**—The Government of Bengal published a notification on the 1st April 1936, containing a draft amendment which provided that all registers should be maintained in English and all dates entered in a register should be in accordance with the English Calendar. The Committee after considering the notification addressed a letter dated 4th June 1936 to the Government of Bengal expressing the opinion that this rule was likely to put several factories owned by Indians to great inconvenience and additional expenditure. The Committee stated that in many of these factories, clerks knowing vernacular languages only, were employed for routine work and for keeping accounts and registers, etc., but the proposed amendment would require such factories to employ persons knowing the English language, which would mean a considerable and unnecessary addition to the establishment charges and would result in a great burden for most of the factories during these times of depression. The Committee therefore requested the Government to drop the proposed amendment.

**Difficulties of Calcutta Rice Mill-Owners as a result of certain orders under the Bengal Factories Rules.**—The Marwari Rice Mills Association having invited the attention of the

Committee to the difficulties experienced by Rice Mills on account of the orders issued by the Inspector of Factories, under the Bengal Factories Rules, requiring the Rice Mills to get new brick-built walls with all iron posts to support their tin-shed constructions, the Committee addressed a letter to the Government of Bengal on 31st July 1936, pointing out that in the case of several rice mills, tin roofed sheds supported on wooden posts were used as godowns and also for machinery and that the carrying out of the order of the Inspector of Factories to replace these immediately by structures of brick walls and iron posts, would involve a cost of approximately Rs. 5,000 to each rice mill-owner, which at the present juncture would be very difficult for them to spend at a time. The Committee therefore requested the Government of Bengal to see that at least 6 months' time was granted to the rice mill owners to carry out this order of the Inspector.

**Loss of Working Hours to Factories as a Result of Section 2(d) and Section 35(1) of the Factories Act.**—On a representation from the Kesoram Cotton Mills, Ltd., the Committee addressed a letter to the Government of India on the 10th October 1936, pointing out that owing to the provisions of Section 2(d) of the Factories Act which defined 'day' as a period of 24 hours beginning at midnight read with Section 35(1) which provided that no adult worker shall be allowed to work in the factory on a Sunday, no adult worker could work in a factory from midnight of Saturday to the midnight of Sunday. But it being difficult to start work at midnight, this weekly holiday in practice extended to 36 hours as work could start again only on Monday morning. Thus mills working on night and multiple shifts lost about 6 hours every week. The Committee therefore requested the Government of India to make suitable amendments in the Factories Act providing for Sunday or a holiday to be reckoned from the morning of one day to the morning of the next, in order to avoid the loss of working hours suffered by the factories.

The Government of India replied on the 12th November 1936 inviting the attention of the Committee to Section 46 of Factories Act of 1934 which was enacted to facilitate working of shifts and to enable the night shift beginning on Saturday night to finish their shift on Sunday morning. The Government of India therefore stated that the amendment of the act was not necessary.

**Polling Arrangements in Labour Constituencies of the Bengal Legislative Assembly.**—The Reforms Commissioner to the Government of Bengal, addressed a letter dated the 18th August 1936, forwarding a copy of his letter to the Commissioner of the Presidency Division in which the proposed arrangements for polling for the respective factory constituencies were set out. He stated, *inter alia*, that polling would be carried on on Sundays that day being a holiday for all the workers; but in case it was thought that voting could not be completed on that day it would be necessary to supplement Sunday polling by Saturday afternoon polling in some of the mills. The Reforms Commissioner requested the Chamber to communicate to factory members requesting them to co-operate with the officials in polling arrangements.

The Committee in reply addressed a letter to the Reforms Commissioner stating that the information was circulated to interested members of the Chamber with a request to co-operate with the returning officers in making the arrangements of polling as desired by the Reforms Commissioner. The Committee further requested that the voting in the case of factory labour constituencies should take place on Sundays only and should not be supplemented by Saturday afternoon or morning polling as Saturday was a full working day for all the factories excepting some Jute Mills. The Reforms Commissioner replied on the 7th September, 1936 saying that the suggestion made by the Chamber was being communicated to the local Officers for consideration.

**Indian Motor Vehicles Act, Amendment Bill.**—On the 22nd August 1936, the Government of India published in the Gazette the text of the Bill to amend the Indian Motor Vehicles Act, 1914, based upon the recommendations of the Transport Advisory Council. The main object of the Bill was to empower local authorities to exercise a closer control over motor transport than the present Act permits. The Bill provided for the appointment of transport authorities by local Governments, which would be empowered to limit the number of transport motor vehicles for a specified area or a specified route, fix the limit of charges to be levied for the carriage of passengers, or goods by transport motor vehicles, provide the maximum number of passengers carried in or the maximum laden weight of the transport motor vehicles, provide for the establishment of the authorised places for the regular taking

up or getting down of passengers and goods of such vehicles and to limit the hours of work for the drivers. The Bill also made it incumbent on the owners of motor vehicles to effect policies of insurance against liabilities incurred through the death or bodily injury to any person caused by, or arising out of the use of such vehicles in a public place. The Bill was, immediately after, introduced in the Legislative Assembly and referred to a Select Committee with directions to report by 11th September. The Committee thereupon addressed a telegram on the 29th August 1936, to the Government of India strongly protesting against this inordinate haste in rushing through the Bill without giving adequate opportunity to the public to express its views on such an important measure affecting the interests of numerous bus-owners and of the poor travelling public. The Committee pointed out that the Transport Advisory Council on whose recommendations the bill was based was an official body, while commercial bodies had objected to railways attempting to hamper and restrict motor competition. The Committee requested the Government to circulate the Bill for public opinion.

Several other commercial organisations all over India protested in a similar manner and the Legislative Assembly decided that the Bill be circulated for public opinion before the same was taken into consideration.

**Allocation of the Road Fund to Provinces.**—On learning that Mr. A. G. Clow, Secretary of the Industries Department, Government of India, had tabled a resolution in the Council of State relating to the Road Fund, the Committee addressed a telegram to the Government of India on the 17th September 1936, referring to the provision in clause 3, sub-clause 3 of the resolution to the effect that in case the Governor-General-in-Council felt that the Government of any province had failed to take such steps as the Governor-General-in-Council might recommend for the regulation and control of motor vehicles within the province, all the sums would be reallocated to the credit of the Government of India. The Committee stated that in their opinion this provision was most objectionable as it unduly interfered with the power of the provinces. The Committee therefore strongly protested against this clause which forestalled Motor Vehicles Act Amendment Bill which had

been objected to by all sections of the Indian commercial community and which the Legislative Assembly had decided to be circulated for eliciting public opinion.

**Draft amendment to Rules 63 and 77 of the Auditor's Certificate Rules, 1932.**—The Government of India forwarded a notification dated the 4th July 1936, to the Chamber proposing certain draft amendments to be made in the Auditor's Certificate Rules, 1936 and inviting the views of the Chamber thereon. The draft amendments related to the travelling allowances and daily fees to be given to the members of the Central and Local Accountancy Boards, which were now intended to be fixed on the basis of each day of attendance at the meeting instead of for each day of absence from the principal place of business as provided in the existing rules. The Committee in their reply dated 7th August 1936, stated that though the proposed amendments called for some sacrifice on the part of the members of the Central and Local Boards, they agreed to these amendments in the larger interests of the profession.

**Revision of the Indian Electricity Rules.**—The Government of Bengal addressed a letter on the 6th August 1936, to the Chamber forwarding a copy of the amendments proposed by the Government of India to be made to the Indian Electricity Rules, 1922 and inviting the views of the Chamber thereon. The amendments related chiefly to (1) Application of electricity rules to non-licensees, (2) furnishing to the inspector monthly returns of new connections, extensions and alterations by licensees and non-exempted non-licensees together with the names of the contractors who carried out the works (3) precautions to be taken before and when men are working on aerial lines or posts (4) testing of earth wires, (5) control of energy and placing of meters and (6) non-commencement of supply of energy until the licensees' works have been inspected and approved of in writing by an Inspector. The Committee replied to the Government of Bengal on the 16th September 1936, forwarding their detailed views in regard to the various amendments proposed.

**Draft Hazardous Occupation Rules under the Indian Factories Act.**—On the 25th November 1936, the Government of Bengal forwarded Notifications issued by the Government of India publishing the draft of certain rules proposed to be made by them under the Factories Act and requesting the Chamber for its

views. The draft rules related to the Hazardous Occupations (Rubber) (cellulose Spraying), (Chromium), (Sand Blasting), (Aerated Waters) and (Miscellaneous) Rules, 1937. The Committee replied on the 16th January 1937 stating that except in regard to the rules relating to Aerated Waters they had no views to offer. The Committee made several suggestions in regard to the draft of the Hazardous Occupations (Aerated Waters) Rules and requested for a careful consideration of the same.

**Lien of the Company on its Fully Paid Shares.**—The Calcutta Stock Exchange Association invited the views of the Chamber in regard to the provisions made by many companies in their Articles of Association investing themselves with the power of having paramount lien on fully paid shares. The Association pointed out that Article 9 in Table A of the Indian Companies Act conferred no lien on fully paid shares and that this power given to the Companies by their own Articles was very detrimental to the interests of the investing public, Brokers and Bankers. The Association stated that the transactions in fully paid shares were drawn on blank transfers and the shares were being kept by Brokers and Bankers for a long period. As there would be no knowing whether the previous share-holders, in whose names the shares were registered had or would have any transaction by which a lien could exist on such shares, the position of the holders of shares on blank transfers and also of the banks advancing money on such shares became extremely unsafe and risky. The Association therefore requested the Chamber to take up the question with the Managing Agents of Individual companies in order to get their articles amended so as to prevent any lien arising or continuing on fully paid shares. The Committee replied appreciating the difficulties of holders of shares on blank transfers and of Banks which advanced money to their clients on such shares as a result of the existence of the power of lien of companies over fully paid shares, but stating at the same time that it was essential for the companies to have such power in order to safeguard their own interests. The Committee however, suggested that the Association should in Co-operation with other Commercial bodies move the Government to pass legislation reducing stamp duty on the registration of transfers which would considerably minimise blank transfers and, together with these, the difficulties enumerated by the Association.

**The Bengal Maternity Benefit Bill 1936.**—The Government of Bengal forwarded a copy of the Bengal Maternity Benefit Bill, 1936 and invited the opinion of the Chamber in regard to the provisions therein for making compulsory maternity benefits for women employed in perennial factories in Bengal. Previous to this the Government of Bengal had invited the views of the Chamber in regard to this question (*vide* p.81 of the Report of the Committee for 1935) and the Committee of the Chamber had forwarded their views indicating the lines on which the legislation should be made. The Committee now addressed a letter on the 18th November 1936 reiterating their suggestions made previously, having regard to the interests of both the employers and the employees. The Committee suggested therein that the individual firms who might have instituted schemes of Maternity Benefit of as liberal a character as envisaged in the Bill should be exempted from the provision of any act to be made in this behalf. The Committee also suggested that the amount of maternity benefit should only be paid on the payee resuming work in the factory on the expiry of the period of leave. The maximum period of benefit, according to the Committee, should be limited to four weeks only with full allowance with a provision for further leave without allowance for another maximum period of 12 weeks. The Committee regretted that the Government of Bengal had not included their above suggestions in the bill now circulated and requested them to give their careful consideration to the same.

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## MARINE.

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**Twenty-first (Maritime) Session of the International Labour Conference, 1936.**—On the 28 May 1936, the Government of Bengal in the Marine Department forwarded to the Committee a Notification of the Government of India relating to the 21st (Maritime) Session of the International Labour Conference. The following subjects were on the agenda of the Conference :—

1. Manning, in conjunction with hours of work, on board ship.
2. Holidays with pay for seamen.

3. Protection of seamen against sickness.
4. Promotion of seamen's welfare in ports.
5. Minimum requirement of professional capacity in the case of captains navigating and engineer officers in charge of watches on board merchant ships.

The Government invited suggestions from the commercial and industrial organisations in regard to the nomination of non-Government delegates and their advisers to the said Conference.

The Committee replied on the 19th June, 1936 suggesting the following names in connection with the Employers' Delegation.

1. Mr. M. A. Master,  
C/o The Scindia Steam Navigation Co., Ltd.,  
Sudama House, Fort, Bombay. Delegate
2. Mr. D. S. Erulkar,  
C/o Scindia Steamships (London) Ltd.,  
44/46, Leadenhall Street, London E. C. 3. Adviser.

On 15th August, 1936 the Committee sent a further communication to Government of Bengal suggesting the name of Rao Bahadur C. Gopal Menon, Madras, as the Second Adviser to the Indian Employers' Delegation to the above Conference.

**Facilities for disembarking passengers at the Outram Ghat.**—On the 20th May 1936, the Committee addressed a letter to the British India Steam Navigation Co., Ltd., inviting their attention to the fact that sometimes the inward Mail Steamers from Rangoon and/or the Straits did not disembark passengers at the Outram Ghat but went to the Kidderpore Docks for the purpose. It was pointed out that this caused considerable inconvenience and loss of time to the passengers especially to deck-passengers. The Committee stated that since facilities of conveyance, etc., were not available at Kidderpore Docks, it was not advisable to land passengers always at that place.

The British India Steam Navigation Co., replied on 21st May, 1936 stating that for many years the Mail Steamers had discharged their passengers at Outram Ghat whenever this was possible, but that occasions arose when owing to tidal conditions, it was necessary



that the vessels should proceed on arrival direct to their discharging berth at Kidderpore Docks. It was also stated that the convenience of passengers was always carefully studied and arrangements for disembarkation in Kidderpore Docks were made only when no other arrangement was possible.

The Committee again wrote on the 9th June, 1936 stating that although they were aware that tidal conditions in the Hooghly at times delayed a steamer they were unable to understand how these tidal conditions would require that a steamer should proceed to the K. P. Docks instead of to the Outram Ghat, since the same tidal conditions obtained above Garden Reach where both the K. P. Docks and the Outram Ghats are situated. The Committee therefore requested the Steamer Co., to enlighten them further in the matter.

The Company replied on the 12th June, 1936 stating that occasions arose when a deeply laden vessel arrived in port too late to allow of her, if berthed at Outram Ghat, being shifted to moorings before dark. The Port Authorities also did not consider it safe to shift the vessel after dark, and a deeply laden ship cannot lie alongside the pontoon all night owing to the insufficient depth of water at low tide. They, however, assured that all aspects of the matter were taken into consideration in consultation with Port Authorities before any alternative arrangements were made.

**Employment of "Dufferin" Cadets.**—On the 8th July, 1936 the Committee sent in a comprehensive memorandum to the Government of India, Commerce Department, inviting their attention to the fact that the contracts for carriage of mails on the Indian coast would be expiring on the 31st March, 1937 and urging that the Government should utilize the opportunity of renewing these mail contracts to make it obligatory on all shipping companies, receiving subsidies from the Indian exchequer for the carriage of mails, to employ Indian apprentices and officers trained in the I. M. M. T. S. "Dufferin", in the ships belonging to such companies. The Committee referred to the reply given by the Hon'ble Sir Mohamed Zafrulla Khan to Mr. Asaf Ali's question in the Legislative Assembly on 14th February 1936 that the question of attaching conditions in regard to the training and employment of Indians as apprentices and officers in connection with subsidies given to the B. I. S. N., the

P. & O. and other companies for the carriage of mails "will be considered when the contracts expire." The Committee further pointed out that in reply to the debate on the "Dufferin Cadets" resolution in the Council of State, the Commerce Secretary had also observed that fullest consideration will be given to the possibilities of providing further occupation for ex-Dufferin cadets through the bargaining power that the Government enjoyed in granting mail contracts. The Commerce Secretary had also added on that occasion that the imposition of an extra condition for ships carrying mails might lead to undesirable complications and that it was possible that if any such conditions were sought to be made compulsory, these shipping companies would even decline to carry mails. The Committee pointed out in this connection that far more stringent conditions had been imposed on shipping companies in several other countries, and quoted several instances. The Committee urged that if the Government properly utilized the bargaining power enjoyed by them in granting a contract, there would be no difficulty at all in regard to the employment of such cadets. The Committee expressed the hope that when the present mail contracts expired, the Government would consider the feasibility of entering directly into a contract for the carriage of mails between India and the United Kingdom and also use their influence with the shipping companies concerned for providing employment to "Dufferin" cadets.

**Excess charges realized from the Pioneer Match Factory by the Calcutta Port Commissioners for a consignment of 160 pieces logs of wood.**—On a representation received from the Pioneer Match Factory the Committee of the Chamber addressed a letter to the Secretary, Calcutta Port Commissioners, inviting his attention to the excess charges realised from the Pioneer Match Factory on a cargo of logs of wood. The Committee stated that while in the previous cases the measurements shown by the Pioneer Match Factory in their respective invoices were accepted, an unnecessary exception was made in this case and that the parties were compelled to pay an excess charge without the measurement of cargo having been taken. The Committee also pointed out that the certificate from the shipping company showing the correct measure of the consignment was not accepted to by the Port Commissioners. The Committee therefore urged the Port Commissioners to look into the matter carefully.

The Port Commissioners replied on the 24th June 1936 that no measurements were produced by the parties at the time nor was any information furnished in regard to the measurement and consequently they were compelled to measure the cargo which was done in the presence of the Clearing Agents' representative. The Port Commissioners further stated that no protest was made at the time and it was only after about 3 months that the question was raised by the parties. It was also stated that the Port Commissioners had explained all the points to the Pioneer Match Factory in regard to this question.

**Supply of water to Shipping in the Kidderpore Docks.—**

Being given to understand that the provision of supply of fresh water to ships in the port of Calcutta was not adequate, the Committee addressed a letter to the Chief Executive Engineer, Calcutta Corporation on 20th July, 1936 inviting his attention to the necessity of making suitable provision for adequate supply of fresh water to shipping. The Committee stated that the present arrangement of supplying water by means of two water-boats of the capacity of 73 tons each was not adequate and caused inconvenience and delay to water-craft. The Committee therefore requested the Chief Executive Engineer to provide at least two more water boats so that there might be sufficient supply of fresh water at all times to shipping in the port of Calcutta.

The Corporation of Calcutta replied on the 3rd September, 1936 pointing out that the shortage in supply had appreciably diminished in 1935-36 as compared to the years 1934-35 and 1933-34, as a result of the Garden Reach area being separated from Calcutta, for the purposes of water supply. The Corporation also stated that shortage of supply meant corresponding shortage of revenue and if the situation demanded it.

The Committee again addressed a letter on the 12th September, 1936 to the Corporation appreciating that the shortage of water supply had diminished, but at the same time stating that the position was not as satisfactory as it ought to be. The Committee again requested the Corporation to take further action in the matter immediately in order to assure the ships coming to the Kidderpore docks of an adequate supply of fresh water at all times.

**Basis for the Collection of Port Commissioners' Charges.**—At the instance of Messrs. Gangjee Sajun & Co., the Committee wrote to the Commissioners for the Port of Calcutta on the 17th September 1936 that as a result of the Port Commissioners collecting their dues on the basis of the certificates of weighment issued by the Licensed Measurers Department, shippers had to pay extra charges for their consignments owing to the fact that the practice with the Licensed Measurers Department was to disregard fractions of a lb. for their weight certificates and to take such fractions as full one lb. The Committee pointed out that the extra charges which the exporters had thus to pay annually amounted to a large sum and stated that such a practice was likely to restrict business. The Committee therefore suggested that the Port Commissioners should calculate their charges on the basis of the actual weighment of bags or at least on the correct weight taken upto one-eighth of a lb. The Port Commissioners in their reply dated the 25th September 1936 denied that the Licensed Measurers Department treated fractions of a lb. as a full lb. and stated that the weights certified by the department were to the nearest lb. *i.e.*, fractions of less than half a lb. were neglected and those over half a lb. were treated as a full lb. and that the extent to which the Commissioners recovered charges on more than the exact weight was therefore less than indicated by the Chamber. As regards the suggestion of the Chamber that declared weights may be accepted as the basis of their charges, the Commissioners stated that there were many cases of incorrect declarations, and hence it was impossible for them to accept declared weights as the basis for their charges.

The Chamber further addressed a letter to the Commissioners on the 9th October 1936 giving facts and figures in support of their contention that the Licensed Measurers Department was not taking into account fractions of a lb. The Committee also suggested that the Commissioners may base their charges on the customs passed weights if they could not accept declared weights as the former were bound to be correct owing to the heavy penalty for any misdeclaration for customs purposes. The Commissioners replied that to adopt the Chamber's alternative suggestion of accepting the customs passed weights would amount to reversion to the old practice of accepting the weights declared by the shippers. Moreover they stated that the cases cited by the Chamber referred to non-dutiable cargo.

The Committee again wrote to the Commissioners on the 20th November 1936, that the cases of non-dutiable cargo cited by them in their letter of 17th September, 1936 were only given as an example and that the same facts applied to dutiable cargo also. The Committee therefore requested them to accept the customs passed weights as the basis of their charges at least in the case of all dutiable cargo. To this the Commissioners replied saying that they are unable to accept any but the figures of the Licensed Measurers Department, as the basis for their charges and if the same are found inaccurate the Chamber should refer the case to the said Department of the Bengal Chamber of Commerce.

### **Welfare Institutions for Indian Seamen at Calcutta.—**

On 24th October 1936, the Principal Officer, Mercantile Marine Department, wrote to the Chamber for their opinion about the scheme for the establishment of welfare institutions for Indian Seamen at the Port of Calcutta, prepared by Mr. Aftab Ali of Indian Seamen's Union and on the comments of the Government of India upon the same. The Committee in reply addressed a detailed letter to the Principal Officer on the 21st November, in which they fully agreed about the necessity of welfare work among Indian Seamen and regretted *inter alia* that though the Memorandum and Articles of the Seamen's Welfare Association provided for welfare work amongst all classes of seamen the work of the Association was practically confined only to the benefit of European Seamen. The Committee recommended the appointment of an *ad hoc* Committee representing Indian shipping interests and Seamen's Organisations and also including the Principal Officer, the Shipping Master and a representative of the Seamen's Welfare Association, to consider the whole question of welfare work for Indian Seamen at the Port of Calcutta. About the scheme prepared by Mr. Aftab Ali, the Committee suggested that if, as the Government of India had opined, the cost of a separate hospital for Indian Seamen would be prohibitive, a special ward might be attached to one of the existing hospitals for the exclusive use of Indian Seamen. The Committee were also in favour of Mr. Aftab Ali's suggestion of collecting 4 annas per head from Seamen at the time of signing them off and of spending the proceeds of the Port Hospital Dues Fund and the Customs Sunday and Holidays Penalty Fund for the benefit of Indian Seamen. At the end the Committee strongly emphasised

the necessity of providing welfare institutions for Indian Seamen at the port of Calcutta.

**Indian Merchant Shipping Act, 1923.**—The Principal Officer, Mercantile Marine Department, wrote to the Chamber for their views about the cancelling of the signals of Distress (Native Passenger ships) Rules, 1929, and the Load Line Rules, 1900 and the amending of the Indian Merchant Shipping (Life Saving Appliances) Rules, 1934, which the Government of Bengal proposed to do under the Indian Merchant Shipping Act, 1923. The Committee replied stating that though they had no objections to the rules they felt that adequate time should be allowed to make the necessary replacements and adjustments, if any, in the case of existing steamers.

**Bill to Control the Coastal Traffic of India.**—The Government of Bengal on the 3rd December 1936 invited the views of the Chamber on the Bill to control the Coastal Traffic of India, as introduced in the Council of State. The Bill aims to control unfair competition in the coastal traffic of India by empowering the Governor General to prescribe from time to time the minimum rates of fare or freight between any ports in India and to prohibit the grant of any rebate or concession which amounts to unfair competition. The Bill also provides for imposition of a penalty for contravening any such rule or prohibition enforced by the Governor-General. The Bill was referred to the Standing Transport Sub-Committee of the Chamber and as per their recommendation, the Committee wrote to the Government saying that they had no views to offer on the Bill.

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## INDUSTRIES AND LABOUR.

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**Proposed Addition to Schedule II to the Workmen's Compensation Act, 1923 of persons employed in the handling of heavy goods.**—On the 3rd February 1936, the Government of Bengal addressed a letter to the Committee inviting their views on the proposals made by the Government of India and the Government of Bombay on the subject of the extension of the benefits of the Workmen's Compensation Act, 1923 to persons employed in

the handling of heavy goods in warehouses, markets and other places. The proposals submitted by the Government of Bombay to the Government of India ran as under :—

- (a) The benefit of Workmen's Compensation Act be extended to persons employed in handling goods in any godown, shed or shop and where on any one of the preceding twelve months ten or more persons have been employed. Thus the benefit will be secured by persons engaged in handling heavy goods due to the restriction of benefit to places where a particular number of workers, say, ten or more are employed.
- (b) The benefit of the Act be also extended to persons employed in handling goods which are stored at any depot where on any one day of the preceding 12 months one hundred or more persons have been employed. This provision will entitle the persons engaged in handling goods in big markets like the Cotton market at Sewree, Bombay, where accidents are more likely to happen due to the closeness of sheds and the intensity of traffic, irrespective of the number of workers employed in a particular shed of the market or depot. For the purpose of this Act, the market or depot has been defined as the place where 100 or more persons have been employed.

The Government of India stated in their Memorandum that while they agreed with the Government of Bombay that the handling of heavy goods was generally recognized as hazardous and that there existed a necessity for extending the benefit of the Compensation to the same, they were inclined to take the view that instead of restricting the benefit to cases where a particular number of persons were employed, as proposed by the Government of Bombay, it would be better to do away with the numerical criterion and to restrict the benefit of compensation in cases of gravest injuries only like those resulting in death or in serious permanent disablement, *e.g.*, disablement involving the loss of 50% earning capacity. The Government of India therefore suggested the following addition to Schedule II of the Workmen's Compensation Act 1923.

The benefit be extended to persons employed in the handling of goods or merchandise at or within precincts of any premises or place, not being a retail shop, used for the storing of such goods or merchandise.

The Committee replied to the Government of Bengal on the 3rd March, 1936 stating that there was a necessity of passing legislation with a view to extend the benefit of the Workmen's Compensation Act to the handling of heavy goods. The Committee further stated that they were inclined to support the proposals made by the Government of Bombay in this connection. The Committee also felt that it would be better for the Government of India to undertake legislation so as to secure the benefit in case of all kinds of injuries by putting restrictions as to the number of persons employed at a place instead of making the benefit wider as to persons but restricting the same to gravest injuries only.

**Prohibition of Employment of Women underground in the Mines.**—The Government of India issued a notification dated 11th June, 1936 proposing certain draft regulations prohibiting the employment of women underground in the Mines. The Notification provided that on or after the first day of July, 1937 no woman should be permitted to enter for purposes of employment or be employed in the underground working of any mine.

The Committee of the Chamber addressed a letter to the Government of India, Department of Industries and Labour, on 25th July, 1936 saying that they had no objection to the regulations being made.

**Bengal Payment of Wages Rules, 1936.**—On the 3rd September, 1936 the Government of Bengal forwarded their notification dated 1st September, 1936 publishing draft of Bengal Payment of Wages Rules, and requesting for the Chamber's views in regard to the same. These Rules provided (1) for the maintenance of a register of fines in cases where a factory is entitled to impose fines for acts and omissions approved by the Chief Inspector of Factories; (2) that no fines may be imposed by any person other than an employer, or a person empowered by him for the purpose; and (3) filing of Returns annually of such fines, etc.



The Committee replied on the 10th November, 1936 taking objections to certain rules proposed to be made by the Government of Bengal, as they were either not necessary or were likely to be burdensome on the factories.

**Draft Rules under section 26(1) of the Payment of Wages Act.**—The Government of Bengal forwarded on 2nd September, 1936 for the views of the Chamber a Notification dated 18th August, 1936 issued by the Government of India proposing certain draft rules to be made by them called the Payment of Wages (Procedure) Rules, 1936. The draft rules related to the procedure that should be followed by the employees in a factory applying for a direction to the proper authorities, in cases where any deductions have been made from their wages or any payment of wages has been delayed contrary to the provisions in the Payment of Wages Act, 1936.

The Rules also provided for the appearance of parties, for appeals and inspection of documents, etc. The Committee replied that they had no objection to the draft rules.

**Nomination of Indian Employers' Delegation to the 23rd Session of the International Labour Conference.**—The Committee received a letter on the 13th November 1936 from the Government of Bengal inviting suggestions for the nomination of the Employers' Delegation to the 23rd Session of the International Labour Conference to be held at Geneva in June 1937. The Committee replied on the 12th January, 1937 recommending the names of Sir Hormusji P. Modi as Delegate and Mr. G. L. Mehta, vice-President of the Chamber as Adviser to the International Labour Conference.

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## RAILWAYS.

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**Policy of the Indian Stores Purchase Department of the Government of India.**—At the instance of Messrs. Murarka & Sons, Ltd., the Committee addressed a letter to the Secretary to the Indian Stores Department, Government of India on the

8th October 1936, inviting their attention to the fact that the Indian Stores Purchase Department had, for some years past, been contracting for the purchasing of requirements for State Railways, especially paints and varnish without indicating the quantity required, the contracts being for rates only. The Committee pointed out that this system resulted in a great hardship and loss to the suppliers as they had hardly any means at their disposal to know how much quantity of a particular commodity would be required by the railways at a particular time or during the year. The figures of the previous three years' consumption which were given in the contract as the basis also proved very misleading as the actual requirements varied greatly in most cases. The Committee pointed out that the other railways which were under the Company management and other semi-government bodies specified the actual quantity required, subject, of course, to the usual variation, when they invited tenders for their requirements. The Committee therefore suggested that a similar system should be adopted in the case of the state managed railways and that the Stores Department should press upon them to furnish the estimated quantities of their requirements of paints and varnish while inviting tenders. The Chief Controller of Stores replied on the 18th November 1936 stating that the invitation to tender relating to the paints and varnish requirements of the railways provided for the submission by tendering firms of alternative prices for running contracts and rate contracts. In the case of 'running' contracts the quantity of the stores to be supplied was specified subject to the usual variation of 25 per cent., and in the case of 'rate' contracts the actual quantities drawn during the three years preceding the contract period were stated for the information and guidance of the supplier. The tender form also invited the tenderer to state the quantity of the particular article he would hold in stock at the major ports and also the quantity he would agree to supply ex-works within a certain period. The Chief Controller of Stores however, requested the Chamber to give specific instances of hardships caused to contractors due to the present system of purchase.

The matter is receiving the attention of the Committee.

**Railway Rates for Soft Coke.**—On page 97 of the last Annual Report a reference was made to the correspondence that passed between the Committee and the Railway Board in

regard to the necessity of reduction in the railway freight on Soft Coke booked to long distances. On 17th February, 1936 the Committee addressed a letter to the East Indian Railway saying that they had been advised by the Railway Board to approach the individual railways concerned for reducing rates on Soft Coke to particular stations offering an opportunity for developing the traffic in Soft Coke. The Committee stated that the demand for Soft Coke was handicapped in the markets of Bombay, Poona, Karachi, Ahmedabad, Indore, Bhavanagar, Sholapur, Rajkot, Baroda, Amritsar, Lahore, Delhi and Agra, due to high rates of freight and they therefore requested the East Indian Railway to give a special concession by reducing the existing scale of charges for those markets in order to help the Soft Coke Industry.

The Chief Commercial Manager, East Indian Railway replied on the 28th April stating that the question of the reduction of rates for soft coke had been carefully examined and that he regretted the inability of the Railway to entertain the request for a reduction in the existing rates for soft coke, which, he stated, were already very low.

The Committee again addressed a letter to the Chief Commercial Manager, E. I. Railway stating that with a little encouragement, it would be possible to increase the consumption of soft coke at various places in India. It was pointed out that with the growing appreciation of the economic and the sanitary qualities of soft coke, it was very likely that the consumption of soft coke would increase considerably if the Railways were to give some more facilities. Thus a reduction in freight by the Railways would be in their own interests also because of increased consumption and consequently greater traffic particularly at a time when there was a surplus of wagons. It was also pointed out that the scale of charges for alternative fuels like fire-wood was lower than that of coal per maund per mile, and in order therefore, to assist soft coke in competing with alternative fuels, *e.g.*, fire-wood, the Committee felt that it would be very helpful if the railways considered the question of reduction of freight particularly in markets where there was a potentiality for increased consumption. The Committee stated that even at present the rate of freight for soft coke was in excess over the normal minima and this served to show that no

special consideration whatsoever had been given in the matter of quotation of rates of freight for soft coke beyond its exemption from the surcharge levied on coal. The Committee therefore requested the E. I. Railway to effect a reduction in the existing rates for soft coke particularly in the case of long distance markets like Bombay, Poona, etc., which would not only help the Indian coal industry, and the second class collieries manufacturing soft coke in particular, but would also be in the interests of the Railways themselves.

The E. I. Railway, however, replied on the 16th July, 1396 stating that they were unable to alter their decision in this matter.

**Informal Quarterly Meetings.**—During the year under review three Informal Quarterly Meetings between the Presidents of the Chambers of Commerce and the Agents of Railways in Calcutta were held when the following, among other subjects, were discussed :—

- (1) Payment of freight transactions by cheque.
- (2) Renting of sheds at Howrah.
- (3) Exemption from surcharge on coal from Mancndragarh to Bombay.
- (4) Withdrawal of receiving end terminal on coal booked to local stations on the East Indian and Bengal Nagpur Railways.
- (5) Suggestions to combat Road Motor Competition.
- (6) Collection and Delivery Services for Goods in Calcutta.
- (7) Payment of freight on coal, at Kushtia Station, on Eastern Bengal Railway.
- (8) Payment of freight on coal and collection of paid railway receipts at Jharia instead of at Pathardih.
- (9) Credit Bill system for payment of freight on coal.
- (10) Subjects for inclusion in the Agenda for Informal Meetings.
- (11) Uniform rates of freights for coal despatched from Raniganj coalfields.

(12) Compilation of periodical returns of approximate earnings by railways.

As regards the subject No. 7 re: the payment of freight on coal at Kushtia station, E. B. Railway, it was decided at the 13th Informal Quartely Meeting that the Mohini Mills, Ltd., on behalf of whom the subject was brought up, could take delivery of the goods whenever railway receipts were received later than the goods by executing a permanent indemnity bond on payment of a nominal sum of Rs. 10 only, which would be valid for 10 years. The Mohini Mills found the arrangement satisfactory.

As a result of the discussion on subject No. 8 the East Indian Railway addressed a letter on the 8th October, 1936, to the Chamber stating that with effect from 1st November, 1936, they agreed to grant the facility of the payment of freight on coal being received and the delivery of the railway receipts being made at Jharia instead of at Pathardih, as desired by the Chamber. The Committee of the Chamber approved of this arrangement, but subsequently the Indian Colliery Owners Association on whose behalf the subject was taken up by the Chamber wrote that the arrangement fell short of the requirements, inasmuch as it was applicable to the Jharia area only and not to all the traffic weighed and invoiced at Pathardih. The Chamber therefore again addressed a letter to the East Indian Railway stating that the Pathardih area had the greatest number of Collieries and that the same facility be granted to the collieries situated in that area. The East Indian Railway replied on the 7th January 1937, regretting their inability to give effect to the Chamber's proposal of amalgamating Jharia invoicing section with Pathardih, as the Railway felt that it would not be of any particular advantage to any body.

As regards the credit bill system for payment of freight on coal, it was agreed at the meeting that in case the arrangement was not found satisfactory in certain individual cases, the particulars of the same might be forwarded to the railway for further consideration.

Intimation having been received from the Secretary, Informal Quarterly Meetings between Railways and the Chambers, that the

14th Quarterly Meeting will be held on the 9th December 1936, members were invited to send subjects, if any, for discussion thereat. The Committee were however, subsequently informed that the meeting had been postponed as the Agents of the three Railways were busy at the time with work in connection with the Railway Enquiry Committee and as only one subject had been received for discussion till then.

**Proposal of the E. B. Railway for not including subjects refering to one railway administration and one Chamber of Commerce in the Agendas of the Informal Quarterly Meetings.**—The Secretary of the Informal Quarterly Meetings between Chambers and Railways wrote a letter on the 8th August, 1936 to the Chamber inviting its views on the proposal of the E. B. Railway, that as other railway administrations and Chambers of Commerce might not in any way be interested in subjects which concern only one railway and one Chamber, such subjects should not be included for discussion in the Quarterly Meetings. The Railways stated that if such subjects were excluded from the agenda, a great deal of time of the Meetings can be saved. The Committee replied on the 21st August, 1936 saying that they were of the opinion that no restrictions should be placed on the inclusion of subjects in the Agenda of the Informal Quarterly Meetings as suggested by the E. B. Railway. The Committee pointed out that the Quarterly Meetings would not serve any purpose, if the discussions at such meetings were limited only to matters that related to more than one Chamber, and more than one Railway. for such matters could only be, in the majority of cases, questions of general policy only and not questions relating to particular difficulties felt by the commercial community to ventilate which was one of the purposes with which the Quarterly Meetings were started. The Committee therefore suggested that the practice of including even questions relating to one railway administration and one Chamber only should be continued in order to give an opportunity to the mercantile community and the railways to understand each other's points of view better and appreciate each other's difficulty.

The subject was discussed at the 13th Informal Quarterly Meeting held on 9th September, 1936 and it was agreed that though

no restriction should be placed on the inclusion of subjects in the agenda the various chambers should try to keep out unimportant and unnecessary matters.

**Imposition of a terminal charge of As. 2 per ton of coal booked to stations on the E. I. & B. N. Railways.**—The Committee received letters from the Indian Colliery Owners Association, and the Indian Coal Merchants Association requesting the Chamber to lodge its protest against the proposal of the Agents of the East Indian and the Bengal Nagpur Railways for introducing, with effect from 1st April 1936, a terminal charge of two annas per ton, leviable at receiving ends, on all consignments of coal, coke and patent fuel booked to any stations on the E. I. & B. N. Railways except Howrah, Shalimar, and other Calcutta stations of these two railways. The Committee therefore addressed a letter on 27th March, 1936 to the Agents of the East Indian and the Bengal Nagpur Railways expressing their regret at the proposal of the Railways to impose an additional burden on the coal industry at the time when the industry was groaning under various burdens and required help by way of removal of surcharge on railway freight, abolition of numerous taxes, etc. The Committee felt that a terminal charge is levied for the performance of an extra service by the railways but in this instance, the Railways proposed to levy a terminal charge for no extra service. The Committee also felt that the levy of the terminal charge would be a serious handicap to the use of soft coke. The Committee therefore requested the Railways to withdraw this proposal of putting the coal industry to a further handicap.

On the 14th April 1936, the B. N. Railway addressed a letter to the Committee enclosing a copy of their Memorandum in reply to the representations made to them by the various organizations in this connection. The Memorandum stated that a receiving end terminal charge had been applicable to coal booked to Calcutta stations and to stations on foreign railways beyond the E. I. and B. N. Railways, whereas no receiving end terminal had been applicable in the case of coal booked to E. I. and B. N. Railway stations. The application of the receiving end terminal as proposed was therefore not a new charge on coal traffic but the withdrawal of a special benefit for which there was no justification for the continuance of

special treatment. As regards the effect of the terminal charge on the use of soft coke, the Memorandum stated that according to the Report of the Indian Soft Coke Cess Committee, soft coke moved on foreign railways where a receiving end terminal charge is levied, and hence the Memorandum states the application of the terminal to coke booked to stations on E. I. and B. N. Railways for shorter distances generally speaking, cannot be held to cause restriction in the use of soft coke for domestic purpose.

The Committee again addressed a letter on the 22nd April, 1936 to the Bengal Nagpur Railway stating that the terminal charge was sure to affect the coal trade and also the use of soft coke. As regards the movement of soft coke to stations on foreign railways in large quantities the Committee felt that the incidence of railway freight played an important part in the use of Soft Coke. The Committee also stated that the terminal charge of two annas on soft coke would surely react on its use in important centres on the B. N. and E. I. Railways and they requested the Railway to reconsider their decision in order to help the coal industry.

This subject was discussed at the 12th Informal Quarterly Meeting between Railways and Chambers of Commerce held on 10th June, 1936.

#### **Goods Collection and Delivery Service in Calcutta.—**

In accordance with the decision taken on this question at the 12th Informal Quarterly Meeting the Chief Commercial Manager, E. I. Railway addressed a letter on the 16th June, 1936 to the President enclosing a brief description of the Collection and Delivery service which the E. I. Railway proposed to introduce in Calcutta and requesting the Chamber to express their views on this question. The Committee replied on the 22nd June, 1936 expressing their satisfaction at this facility. The Committee requested the Railway to let them know the scale of charges which it was proposed to levy for the Service. The Chief Commercial Manager, E. I. Railway replied on the 27th June, enclosing a schedule of charges which had been tentatively agreed to and were subject to modification in the light of experience. The schedule of charges has also been circulated among members.



On the 30th November 1936 the E. I. Railway informed the Chamber about the inauguration of the Service for Collection and Delivery of Goods in Calcutta with effect from the 1st December 1936. The information was circulated to all the members of the Chamber.

**Difficulties experienced by 3rd Class Passengers on Railways.**—The attention of the Committee was drawn to certain grievances of the third class passengers on Railways. Firstly with regard to the abolition of the Sealdah-Delhi Express by the East Indian Railway, the Committee addressed a letter to the said Railway on the 2nd May, 1936 stating that as the train was availed of by a large number of passengers, its cancellation had caused considerable hardship to the public. The Committee requested the Railway to reinstate the Sealdah-Delhi Express or to run another fast train between Calcutta and Delhi leaving Howrah in the morning.

In regard to the system of reservation of seats for Third Class Passengers, the Committee suggested that the Railways should not put in any compartment more than three-fourths of the number of passengers for whom the compartment was meant. They added that as far as possible passengers for long destinations should be allowed some more room for stretching themselves, by filling up only three-fourths of the seating capacity of a compartment. It was further suggested that duplicate trains might be run from Howrah to Delhi whenever the seating accommodations in a train were full.

The East Indian Railway replied on the 9th May, 1936 stating that 13 Up and 14 Dn. Express (Sealdah-Delhi Express) trains were withdrawn because in the first instance they were extremely slow between Calcutta and Delhi on account of the circuitous route followed and in the second instance because those trains did not fill at all well on certain parts of their journey. As regards third class passengers from Howrah to Delhi, it was stated that the Railways were carrying them faster by other trains than by 13 Up. The Railway, however, assured that the question of reintroducing 13 Up and 14 Dn. would be considered at the time of the revision of the cold weather Time Table. With regard to the suggestion of the Committee for duplicating trains, the Railway replied that this was already being done in case of necessity.

In a subsequent letter dated the 29th June, 1936 the E. B. Railway stated that in regard to the reservation of seats, they could not accept the proposal of the Committee to leave part of a third-class compartment empty.

**Provision of footboards at stations with low level platforms.**—On the 2nd June, 1936 Sir Abdul Halim Ghuznavi, Kt., M.L.A., wrote a letter to the Committee enclosing copies of correspondence between him and the E. B. Railway Local Advisory Committee regarding the proposal for providing suitable footboards at Stations with low-level platforms for the convenience of passengers in entraining and detraining. The E. B. Railway Local Advisory Committee stated that there had been incessant demand that high level platforms should be provided at all stations on Indian Railways for the convenience of passengers in entraining and detraining. It was further stated that the cost of erecting one high-level platform amounted to Rs. 2,500 to Rs. 3,000 and looking to the financial condition of Railway, it would take a number of years before all the low level platforms were raised to high level ones. The E. B. Railway therefore, suggested as an alternative that suitable foot-boards or steps, may be provided to Railway carriages which should make it easy for passengers to entrain and detrain. The estimated cost of this proposal was Rs. 30,000 and the Railway before proceeding with the scheme desired to have the opinion of public bodies.

The Committee replied on the 19th June, 1936 stating that from the point of view of the convenience and safety of passengers, the raising of all low-level platforms to a high level was a better arrangement, but that they would support the alternative proposal of the railways for providing suitable foot-boards in view of the present financial condition of the Railways.

**Leakage in first class compartments on E. B. Railway.**—The attention of the Committee was drawn by Mr. B. M. Birla, the President of the Chamber, to the deplorable condition of Railway compartments on the E. B. Railway. Mr. Birla stated that while travelling from Shillong to Calcutta on the 4th June, 1936 he experienced considerable inconvenience on account of leakage of rain-water in first class compartments. The

Committee accordingly addressed a letter to the E. B. Railway drawing the railway's attention to this deplorable state of affairs. If this was the condition of First-class compartments, the Committee stated the condition of Second and Third class carriages would be easily worse. The Committee requested the E. B. Railway to take immediate steps to improve their carriages in order to avoid the recurrence of such incidents involving inconvenience to the travelling public.

In reply the Chief Mechanical Engineer, E. B. Railway admitted that on examination of the compartment it was revealed that the roof of the vehicle was in a leaky condition, and regretted the inconvenience caused to Mr. B. M. Birla due to the same.

**Absence of Indian-styled Latrines in second class compartments.**—On the 21st September, 1936, the Committee addressed a letter to the Government of India, Railway Board, inviting their attention to the difficulties experienced by passengers travelling in second class compartments due to the non-existence of Indian styled latrines in these compartments. The Committee understood that the railways were introducing Indian styled latrines in newly constructed second class compartments. The process however, was so slow that it was likely to take considerable time before all second class compartments were provided with this facility. The Committee also stated that the size and style of latrines were not in many cases suitable, the seats being wider than usual. The Committee therefore requested the Railway Board to issue instructions to various railways for providing Indian styled latrines in all second class compartments and to lay down a uniform size and style for such latrines.

The Railway Board replied that the matter was receiving their attention.

**Inconveniences felt by lower class passengers at wayside stations, in obtaining through tickets.**—The Committee addressed a letter to the Government of India, Railway Board, on 21st September, 1936 inviting their attention to the difficulties experienced by passengers at wayside stations in obtaining through railway tickets for long-distance travel. The Committee stated that the Railway staff at small stations often refused to issue through

tickets on the pretence that there was no time to prepare the same and consequently the passengers had to undergo the inconveniences of buying a ticket a second time in the middle of their journey. The Committee pointed out that in accordance with the rules, booking offices, at all stations must be kept open at least half an hour before the arrival of trains, but in practice the rule was not followed, and the booking offices at several stations were opened only five minutes before the train was due. The Committee therefore requested the Railway Board to take necessary steps in order to remove this grievance of passengers and to make railway-travelling more popular among the masses.

**Rail-Road Competition.**—At a Conference of the Agents of the five major Railways of India and Sir Guthrie Russell, the Commissioner of Railways, held at Bombay in May last, Sir Guthrie Russell was reported to have stated that the uneconomic competition of motor transport hit the railways severely and that unless motor transport was controlled and was compelled to charge a reasonable level of rates and fares, the railways would not find it possible to improve their services and give further facilities to passengers and to the trade. In this connection a Press Communique dated 2nd June, 1936 issued from Simla appeared in several papers which referred to a proposal to introduce a bill to control motor transport by compulsory insurance of motor lorries and strict enforcement of rules of travel on road, and also the proposal to increase the duty on petrol in order to get funds for the Road Development Association. The Committee therefore addressed a letter to the Government of India, Railway Department, on the 8th June, 1936 strongly protesting against the adoption of the proposed measures and stating that it was essential for the Railways to view the competition of motor transport in its proper perspective instead of trying to regard it as an intruder in its own preserve. The Committee quoted the observations of Sir Joseph Bhore who had said sometime back that he regarded motor competition healthy and in the interests of the travelling public who could get maximum efficiency in service of a minimum cost. The Committee also quoted *in extenso* figures to prove that the railway administration had been very costly and conducted in a manner which could not in any way be regarded as sound or in accord with canons of commercial undertakings. The Committee pointed out

that despite the phenomenal fall in the prices of agricultural and manufactured products, the incidence of fares and freights was on the whole higher at present than it had been five or six years ago. It was pointed out that Sir Otto Niemeyer in his report had also recommended a thorough-going overhaul of railway expenditure. The Committee, however, made it clear that that overhaul did not mean higher rates for goods and passenger transport nor prohibition of competition by alternative modes of transport but that means should be adopted for a more rational and economic administration of railways. The Committee also suggested various ways such as amalgamation, grouping, standardisation, encouragement of indigenous industries, manufactures, stores, etc., as well as Indianisation and drastic curtailment of expenditure in all possible directions which should receive the immediate attention of the Government. The Committee concluded that they could not approve of any action on the part of railways to eliminate motor competition and re-establish their own monopoly which would leave them free to charge higher rates of fares and freights. The Committee expressed a definite opinion that railways must face such competition on the strength of their own merits by offering improved facilities and attractive rates.

**Compulsory Insurance of Motor Vehicles.**—The Government of India by their Resolution No. C-99 of 4th November 1936 appointed a Committee to consider the question enforcing Compulsory Insurance of Motor Vehicles against passengers and third party risks as a means of promoting public safety and convenience and also published the terms of reference thereof. The matter was referred to the Standing Transport Sub-Committee by the Committee of the Chamber. On their recommendations the Committee submitted a memorandum to the Motor vehicles Insurance Committee. It was pointed out in the memorandum that a largely agricultural country like India need quick and cheap modes of transport and that the recent growth of motor transport had to some extent satisfied the need. The Committee regretted that instead of encouraging this important mode of transport, the Government intended to adopt measures like the imposition of compulsory insurance for which there were hardly any sufficient grounds and which were bound to affect motor transport adversely and to make it more

costly to the public. The Committee pointed out that if compulsory insurance was at all found to be necessary, the question of the cost of policies should receive the most careful consideration and local and other taxes on motor vehicles should be reduced to the extent of the cost of insurance.

The Committee also suggested that the State should undertake insurance at a very low rate of premium and if that was not practicable it should be obligatory that such policies should be taken out from those companies only which are not only registered in India with a Rupee capital but also have their Board of Directors with an Indian majority. According to the Committee, Rs. 1,000 per mensem should be the maximum limit of insurance to cover third party risks with a maximum of Rs. 5,000 for any one accident.

The Committee also desired that Legislation in this matter if at all found necessary should be of an all India nature.

The Motor Vehicles Insurance Committee wrote to the Chamber to arrange for a representative of the Chamber to discuss the memorandum with the Enquiry Committee. The Committee however could not arrange for such an interview owing to short notice. The Motor Vehicles Insurance Committee thereupon addressed a letter to the Chamber commenting on several points mentioned in the memorandum of the Chamber. They stated that there was not the slightest indication that their enquiries would be directed to the question of the co-ordination of Road and Railways. With regard to the Chamber's plea for insurance to be effected with Indian Companies only they stated that it was outside the scope of their enquiry. The Committee replied on 8th February 1937 giving suitable answers to the points raised by the Motor Vehicles Insurance Committee.

**Enhancement in the Classification of Goods.**—The Indian Railway Conference Association addressed a letter dated the 7th May, 1936 to the Committee enclosing a long list of articles the classification of which it was proposed to be enhanced and requested the Committee to express their views on the same. The Committee after carefully going through the list, sent in their reply on the 1st June, 1936 expressing their surprise that the proposal involved as many as 282 items at a stretch and the proposed enhancement varied from 7% to as much as 79% including all kinds

of articles—agricultural, produce, manufactured articles and daily necessities of the people. The Committee gave a few instances from the list of commodities to show how the proposed increase in classification would not only directly affect the masses both in their capacity as producers of agricultural commodities and as consumers, but would also place a handicap in the path of progress of Indian industries. The Committee also referred to the long standing complaint of the Railway administration that motor transport took away a large volume of their own traffic. The Committee pointed out that the present condition of the Railways demanded that in order to attract more traffic, Railway freight should be brought down rather than increased. The Committee also referred to the recommendation made by Sir Otto Niemeyer that a thorough-going overhaul of railway expenditure was essential for the solution of the whole financial problem of India and urged the railways to drop the proposal for increasing the classification of goods in view of the reasons stated above. On the 22nd June, 1936 the Committee again addressed the Railway Conference Association reiterating the above views and suggesting that this question should be referred to a Special Committee which should include representatives of business as well as agricultural interests in order to carefully examine the position from the point of view of not only railway revenues but also the effect which the proposed increase in the classification would have on agricultural and business communities.

On 23rd September, 1936, the Committee received a letter from the Chief Commercial Manager, East Indian Railway as also from the Eastern Bengal Railway forwarding a list of the commodities the classification of which was proposed to be enhanced and inviting the views of the Chamber thereon. The Committee wrote to the E. I. and E. B. Railways on 8th October, 1936 stating that although they appreciated that in the revised list forwarded by the East Indian and the Eastern Bengal Railways, some of the commodities specifically objected to by the Chamber were deleted, the Committee regretted that there were several other items the increase in the classification of which would be detrimental to trade and industries and to the public in general. The Committee contended that although the present move to enhance the classification might not directly result in the enhancement of rates, it was

certainly a step towards the same. The Committee wondered why, if there was no desire on the part of the railways to increase the rates, they wanted to secure additional powers to do so. The Committee felt that once the railways get the power to increase the rates, it would not take much time for them to make it effective,

The Committee then referred to several specific items the enhancement of which they objected to. The Committee particularly referred to the proposed increase in the classification of press packed piece-goods, sugar, epsom salt, rayon, hardening oil, disinfecting liquids, chlorides, colours, paints, dyes, hair-oils, etc., which they stated would adversely affect the respective industries producing these commodities. The Committee therefore were of opinion that the railways should not go on with their proposal of increasing the classification of these commodities.

**Changes in the Classification of goods.**—The Indian Railway Conference Association invited the views of the Chamber in regard to the classification of the following items:—

- (1) Bump Yarn.
- (2) Floatine and Treatex.
- (3) Canvas, Rubber and Steel pipe with brass tap and Coupling pump spare.
- (4) Cement clinkers.
- (5) Goats' hair and Goats' hair articles.
- (5) Jingles.
- (7) Tower Bolts.

As regards item (1) the Committee stated that the classification of bump yarn be lowered.

The Committee expressed no views in regard to items from 2 to 6. As regards item No. 7, the Committee supported the classification of tower bolts under "Iron and Steel, Dn B", as proposed by the M. & S. M. Railway.



**SODIUM PHOSPHATE UNDER 3 R. R. 2 O. R.**—It was proposed by the Commercial Committee of the Railways that Sodium Phosphate be classified under 3 R. R. 2 O. R. The Committee wrote to the Indian Railway Conference Association on the 17th January 1936 stating that they did not take exception to the proposal in this connection.

**FERRO-CHROME UNDER 6 R. R.**—The Committee did not desire to object to the proposal of the Commercial Committee for classifying Ferro-Chrome under 6 R. R.

**CLASSIFICATION OF METALS AND METALWARE.**—The Indian Railway Conference Association forwarded a note on the 2nd June, 1936 in regard to the proposal of the Railways to alter classification of several articles made of iron, tin, zinc, copper, etc. The proposal included nearly 100 articles made of iron and steel, in which the rates of seventeen articles were proposed to be reduced while on about 85 articles it was proposed to increase the rates. The Committee of the Chamber in reply, addressed a letter to the Indian Railway Conference Association on 18th June, 1936, pointing out various articles the proposed increase of freight on which would directly or indirectly be detrimental to the Indian Iron Industry. Certain agricultural implements like pick-axes and powrahs, were also included in the list and the Committee observed that any increase in freight on these articles would hit the poor agriculturists. The Committee further pointed out that when the question of giving protection to the manufacturing of these agricultural implements had come up, it was refused on the ground that the same would affect the interest of agriculturists, and they were now surprised to find that the Railways initiated a proposal which would make these implements more costly for the agriculturists. The Committee also protested against the proposed increase in rates on castings, nuts, bolts, hammers, screws, spades, washers, etc.

The Committee further wrote on the 1st October, 1936 referring to the proposal of the railways to increase the classification of aluminium scraps by nearly 30 per cent. and stating that the proposal, if given effect to, would adversely

affect the Aluminium Industry in India, which was in a nascent stage. The Committee also pointed out that the proposed change would affect the movement of scrap on the railways and would thus be harmful to the railway revenue itself.

**BOTTLES FROM 2B R.R. 2 O.R. TO 6 R.R.**—The Committee opposed the proposal stating that the same was likely to affect both the Indian Glass Industry and the perfumery industry. The Committee pointed out that there was no difference in the cost of production of plain and ornamental bottles of a particular size and shape and it was therefore desirable that there should be no distinction in freight rates for common and ornamental bottles. The Committee therefore suggested that the proposal be dropped.

**HYDRATED BUXTON LIMES AND SOYA BEANS.**—The Committee wrote to the Railway Conference Association approving of their proposal for classifying Hydrated Buxton Lime at the same rate as applicable to Lime. In regard to Soya Beans the Committee wrote that they suggested for classifying Soya Beans as Beans or Seeds N. O. C. and charging at 1 R.R. as proposed by the B. N. and G. I. P. Railways.

**RATES FOR TIN DISCS.**—The Committee informed the Indian Railway Conference Association on 23rd July that Tin Discs should be classified as "Tinned Sheets" at 2 R.R.

**SILVERED GLASS.**—The Committee informed on the 7th September, 1936 agreeing with the proposal. The Committee also pointed out that the classification of articles like panorama balls, Silvered flowered vases, etc., at 9 R.R. was high and suggested that these articles should also be classified at 8 R.R.

**KARILA SEEDS AND KARYALA SEEDS UNDER JEERA BLACK.**—The Committee agreed to the proposal and further suggested that since Mongrela is the name for Jeera black, it should also be classified at 1 R.R.

**POLSONS FLOUR.**—The Committee stated that Polsons flour should be accepted by the railways at the same rate of freight as wheat flour, if tendered by the party as such. The words 'Polson's flour' did not indicate clearly that it was made from wheat. The

Committee therefore felt that if Polsons Manufacturing Co., were agreeable to declare their flour as wheat flour, while tendering the same to railways for despatch, it should be charged as wheat flour.

**MOTOR ROAD ROLLERS.**—The Committee stated that as Road Rollers were used by Municipalities and other public bodies for road construction, etc., *i.e.*, for works of public utility the classification of the same should not be raised by the railways, as it would indirectly increase the burden on the tax-payers.

**INDIGENOUS INKS FOR FREIGHT PURPOSES.**—The Chief Commercial Manager, East Indian Railway, addressed a letter to the Chamber on the 7th August, 1936 forwarding copies of the correspondence he had with the Indian Merchants' Chamber, Bombay in regard to the classification of indigenous inks for freight purposes and requesting for the views of this Chamber. The Indian Merchants' Chamber, Bombay, had written to the E. I. Railway that the classification of ink at 6 R.R. was very high and that ink should be charged at the same rate as other articles containing a large quantity of water, *viz.*, ale, beer, aerated water, sugarcane juice, glucose, etc., which were generally classified at 2A and 2B R.R. The indigenous ink industry, the Chamber stated, was in its infancy and deserved all possible help and encouragement at the hands of the railway administration. The E. I. Railway in reply to the Indian Merchants' Chamber had stated that a mere comparison of ink with articles containing large quantity of water would not strengthen its case for a lower classification and asked for certain particulars from the Indian Merchants' Chamber regarding the kinds of ink referred to, their packing and wholesale and retail values, etc.

The Committee of the Chamber wrote to the E. I. Railway on the 3rd September, 1936 supporting the views expressed by the Indian Merchants' Chamber and requesting the railway to lower the classification of indigenous inks. The Committee stated that inks referred to included liquid, writing and fountain-pen inks as also printing ink of the class of news and jobs inks. As regards packing the Committee stated that liquid, writing and fountain pen inks were mostly packed in glass bottles, earthen jars, etc., and printing inks of the class referred to were mostly sold in 50 to

450 lbs. the price of the same varying from 3 annas to 10 annas per lb. according to quality.

On the 7th September, 1936, the Indian Railway Conference Association, forwarded for the opinion of the Chamber a copy of a letter received by them from the B. B. & C. I. Railway on the same subject in which it was stated that more expensive quality of ink was usually sent with other articles of stationery at 6th Class rate and that only the paper variety known as printers' ink was despatched in large quantities. The B. B. & C. I. Railway therefore proposed that the classification of ink should be altered from 6 R.R. to 4 R.R.

The Committee replied on 26th September, 1936 supporting the proposal of the B. B. & C. I. Railway to classify ink at 4 R.R. 3 O.R., suggesting at the same time that the classification of ink should be still lower and it should be fixed at rates not higher than 2A and 2B R.R. which are generally applied to ale, beer, etc.

TRICYCLES, MOULDING POWDER, GLUCOSE AND TEXACO PAVING CEMENT.—The Indian Railway Conference Association invited the views of the Chamber on the proposals as regards the following changes in the classification of the commodities given below :—

- (1) Tricycles, from 7 R/R to 6A R/R.
- (2) Moulding powder from 4 R/R to 2 R/R.
- (3) Glucose powder from 2 R/R to 6 R/R.
- (4) Texaco Paving Cement at 2 R/R.

The Committee replied agreeing to the proposals of the Railways.

**Bill to amend the Indian Railways Act, 1890.**—On the 8th June, 1936, the Government of Bengal forwarded a copy of a Bill further to amend the Indian Railways Act, 1890 and requested the Chamber to submit their views on the same. The Bill was intended to permit of more effective and deterrent action being taken with regard to persons who may be found travelling by railway without proper tickets. The Committee replied on the 29th June, 1936 expressing their general agreement with the principle of

the Bill. Referring to the details of the Bill, however, the Committee pointed out in connection with clause 2 that if the granting of a certificate to a passenger was left to the discretion of the guard or other railway servant as provided in the Bill, the latter might not grant such a certificate. The Committee therefore, suggested that the practice of obtaining verbal permission should not be abandoned, and stated that verbal as opposed to written permission had not encouraged ticketless travel. The Committee therefore saw no reason why the proposed amendment to Section 68 should be made. In regard to clause 3, the Committee stated that imprisonment of two months provided for in the Bill was too severe and suggested that simple imprisonment not exceeding three days should be sufficient. The Committee expressed the hope that due regard would be given to their criticisms when the Bill comes up for final discussion.

The Bill was discussed in the Legislative Assembly in its Simla Session, when it was decided to circulate the Bill for public opinion. The Government of Bengal therefore, again forwarded on the 26th October 1936 the Bill along with Debates of the Assembly in that connection and invited the views of the Chamber. The Committee replied reiterating the views expressed by them previously.

**Execution of Risk Note Forms for Railway Consignments.**—The Committee received a letter from Messrs. Murarka & Sons, Ltd., in regard to the difficulties experienced by consignors on account of the railways compelling them to execute risk note form "A" even though the execution of the same may not be warranted according to the conditions laid down for such execution. The Committee therefore wrote to the Government of India, Railway Board, on 21st September, 1936 stating that in case of goods consigned at owners risk, consignors had usually to execute Risk Note Form "B" thereby absolving the railways to liabilities for loss arising out of leakage and breakage in transit. But in several cases, the railway staff compelled the consignors to execute Risk Note Form "A" also, whereby the consignors are expressly made to admit that the packages tendered for despatch were in bad condition and/or so defectively packed, as to be liable to damage, leakage or wastage in transit. The Committee cited the example of paints in

which case ready mixed paints were usually packed in drums while stiff paints were paced in kegs. The Railway sometimes objected to the despatching of stiff but moist paints in kegs unless Risk Note "A" was executed on the only ground that as in the case of drums in which ready mixed paints were filled, the lids are not soldered which is hardly necessary in this case. In view of such unnecessary trouble and inconvenience experienced by consignors, the Committee suggested that arrangements should be made at stations of despatch in order to determine without any loss of time, whether or not the consignors should be asked to execute Risk Note Form "A".

In their reply dated the 12th October, 1936 the Railway Board stated that the attention of the Railways had already been drawn by the Board to the desirability of taking action to ensure that Risk Note Form "A" was not demanded without reasonable justification. The Railway Board forwarded to the Chamber a copy of the circular dated 25th October, 1933 addressed by them to the various railway administrations in this connection. The circular letter stated that all the railway administrations should take necessary action in order to prevent the abuse of Risk Note Form "A". For that purpose it was suggested that periodical examinations should be carried out, special instructions should be issued to the staff, and the policy of the railways should be reviewed from time to time in order to see that Risk Note Form "A" was not demanded without sufficient cause and claims not unjustly avoided on that ground. In this connection with the specific instance of paints cited by the Committee, the Railway Board stated that they were communicating in the matter with the Railways concerned and that the Chamber should also address them individually.

The Committee thereupon addressed letters to the E. I. B. N. and the E. B. Railways stating that notwithstanding the instructions of the Railway Board numerous cases occurred in which Railway Risk Note Form "A" was demanded in addition to Risk Note Form "B" on trivial pretexts. The Committee also desired to be enlightened as to what action was taken by the Railways on the Circular issued by the Railway Board.

All the above-mentioned Railways stated in their replies that special instructions had been issued to the subordinate station staff

and that periodical examinations were being made to see that Risk Note Form "A" is not demanded without due justification. The B. N. Railway further stated that they would be publishing these instructions to their staff from time to time so that the importance of the question might be kept prominently before the station staff. The E. B. Railway also assured the Chamber on similar lines and added that in case of any difficulty the aggrieved party should make a direct representation to the Traffic Manager and that such cases would receive immediate attention. The E. I. Railway also stated that any complaint about misuse of Risk Note Form "A" should be at once brought to the notice of the Divisional Superintendent, Howrah, or of the Agent's Office and further, that if such instances were brought to their notice, before consignments were despatched, they were prepared to depute a senior officer to personally inspect such consignment in the presence of the representatives of the members of the Chamber, so as to afford every opportunity to arrive at a satisfactory conclusion.

The above assurances given by the Railways about their willingness to end the misuse of Risk Note Form "A" were brought to the notice of all members of the Chamber by a circular letter.

**Pilferage of goods in transit.**—At the instance of the Pioneer Match Factory the Committee addressed a letter to the Bengal & North Western Railway Co., Ltd., on the 16th September, 1936 inviting the attention of the Railways to several cases of pilferage and stealth of goods in transit over their Railway line. The Committee regretted that inspite of repeated representations made by the Pioneer Match Factory the railway refused to entertain their claims on one ground or the other and took no steps to prevent the occurrences of such cases in future. The Committee also stated that in several cases open delivery of goods was given to the consignees and shortages were noted in railway books, but later on, the railways avoided the claims by referring to Risk Note Form "D". The Committee deplored this and strongly urged that the Railway should take early steps to improve their "Watch & Ward" Department in order to ensure a stricter inspection of goods and to bring to book the miscreants.

The Agent, B. & N. W. Railway in reply, forwarded a copy of a letter dated 28th September, 1936 addressed to him by the Traffic

Manager, B. & N. W. Railway in which it was stated that special instructions had been issued to the staff to watch consignments. It was also stated that the police had been asked to investigate the shortages as it was extremely difficult to locate the miscreants. As regards the refusal of claims on the grounds of Risk Note Form "D", the railways stated that the Risk Note Form "D" was executed by the party owing to the packing conditions laid down by the railways not being fulfilled and that there was no negligence on the part of the railway staff in this respect. The Railway stated that the consignments were delivered in the condition in which they were despatched and as such no responsibility rested with them.

**Special Foreign rate circulars issued by the East Indian Railway.**—On the 29th July, 1936, the Committee received a letter from the East Indian Railway, stating that with effect from 1st August, 1936 they had decided to supply the Chamber with copies of printed rate circulars issued by them from time to time. Members of the Chamber were informed of the same and that the circulars were kept open in the office of the Chamber for inspection of interested members.

**Rate of Piece-goods from Howrah to Bombay.**—On the 17th November 1936 the Commercial Traffic Manager, B. N. Railway wrote to the Chamber stating that various interests were pressing for a reduction of rates for piece-goods from Calcutta to Bombay. He also stated that the traffic in piece-goods from Calcutta to Bombay was comparatively small and as there was no great traffic in this direction even by the Sea route, which is a cheaper one, it was not likely that the Railways would get any additional traffic even if the rates were lowered. He further stated that the special rates for piece-goods from Bombay to Calcutta were quoted in competition with the Sea route, as a large volume of traffic moved by sea. The Commercial Traffic Manager therefore wanted to know if the Chamber could give any guarantee for an increase in traffic, if the reduction was effected. The Committee replied that they were not in a position to give any such guarantee. However, the B. N. Railway informed the Committee on 20th January 1937 about their having introduced a reduced station to station rate of Rs. 1-1-0 per maund, at Owners' Risk, for piece-goods, cotton, woollen or artificial silk sent from Calcutta to Bombay with effect from the 20th January, 1937 as an experimental measure.



**Freight Rate for Grain and Seeds from U. P. to Howrah on the E. I. Railway.**—As usual a circular was issued to members inviting subjects for discussion at the 14th Informal Quarterly Meeting. Messrs. Hoosen Kasam Dada replied saying that the present rates of freight for grains and seeds from U. P. to Howrah being the same for both retail and wagon loads, the imports of these commodities from U. P. to Calcutta had considerably decreased. They further stated that the merchants were now buying these commodities from other markets where they had freight facilities and also brought these goods from Karachi by steamers on account of more suitable rates of freight. Messrs. Hoosen Kasam Dada therefore suggested that this subject should be discussed at the 14th Informal Quarterly meeting between the Railways and the Chambers of Commerce and the former should be pressed to give different rates for retail and wholesale business. However, as there had been no previous correspondence on the matter with the Railways, it was not submitted for discussion at the Quarterly Meeting but the Committee addressed a letter to the E. I. Railway in this connection on the 12th November 1936, drawing their attention to the loss suffered by the merchants in Calcutta as well as the Agriculturists in U. P. on account of the decline in this trade in grain and seeds owing to the prevalence of uniform rates for retail as well as wagon loads from U. P. to Howrah. The East Indian Railway replied on the 26th November 1936 regretting their inability to accede to the proposal on the ground that it would entail considerable loss to the Railway revenues.

**Contracts for Catering Arrangements for 3rd Class Passengers on the B. N. Railway.**—The Chamber had, at the instance of the Carlsbad Mineral Water Mfg. Co., some correspondence last year with the B. N. Railway regarding the sale of ice and aerated waters over that Railway, and taking away the contract from one contractor and placing it arbitrarily with another without inviting tenders, in contravention of Clause 8 of the Memorandum of the 76th meeting of the Calcutta Advisory Committee, which stated that "renewals of Contracts are awarded on merit or if a change is decided upon, by advertising."

On the 5th December 1936, the Carlsbad Mineral Water Mfg. Co., wrote to the Chamber giving several instances in which the

B. N. Railway have appointed contractors for food-stuffs for 3rd class passengers without calling for tenders as laid down in Clause 8, mentioned above. They requested the Chamber to take up the matter with the Railway. The Committee accordingly addressed a letter on the 28th December to the B. N. Railway, insisting upon an assurance, that the principle laid down in Cl. 8 referred to above would always be observed by the Railway, while placing contracts for the supply of foodstuffs for 3rd class passengers.

**Mileage Coupon System over the B. N. Railway.**—On learning from Mr. K. L. Jatia, representative of the Chamber on the B. N. Railway Local Advisory Committee, that the B. N. Railway were considering the question of introducing mileage coupon system over their railway, provided a sufficient number of applications were received by them from the commercial community, a circular was issued to all members of the Chamber on the 21st October 1936 conveying the information.

**Railway Enquiry Committee.**—On the 19th October 1936 the Government of India issued a communique announcing that in view of Sir Otto Nimeyer's Report, para 31(2) and the recommendation of the Public Accounts Committee, the Government have appointed a Railway Enquiry Committee consisting of Sir Ralph Wedgwood of the London and North Eastern Railway as Chairman and Mr. W. A. Stainer of the London Midland and Scottish Railway as Member. Mr. H. Cheadle of the South African Railway was later appointed on the Committee. Along with other commercial bodies, the Committee of the Chamber also protested strongly against the exclusion of Indian element on the Committee and the terms of reference of the Enquiry Committee.

The Government of India replied on the 3rd November 1936 that they deliberately selected experts from outside as they were convinced of the need of an Expert Committee and also because they wanted the enquiry to be free from any tendentious character.

The Secretary of the Railway Enquiry Committee during the course of a circular letter requested the Chamber to submit a memorandum for discussion and also informed the Chamber that a suitable time for interview between the representatives of the Chamber and the Enquiry Committee to discuss the memorandum would

also be fixed. The Committee referred the matter to a Special Sub-Committee and a very comprehensive memorandum\* embracing all important questions connected with the Railways was submitted by the Committee on behalf of the Chamber.

The Chamber also nominated Messrs. G. L. Mehta, A. L. Ojha, D. P. Khaitan and M. L. Shah to meet the Railway Enquiry Committee during their visit to Calcutta. The representatives of the Chamber accordingly appeared before the Railway Enquiry Committee on the 14th January 1937 and discussed with them in detail the memorandum submitted by the Chamber.

**Packing conditions of bales of Piece-goods.**—The Indian Railway Conference Association invited the views of the Chamber on the proposal of the East Indian Railway in regard to the packing conditions for bales of piece-goods. It was stated that the term "Press packed" has been interpreted by different railways in different ways and that this had given rise to several disputes. It was therefore suggested that the best solution would be to lay down a minimum weight for cubic foot for this purpose, which would be determined after investigation by the various railways.

The Committee replied on the 12th June, 1936 that it would be very desirable to have uniform rules on all the railways in regard to the definition of the term "Press packed". It should also be expressly provided, the Committee stated, that all Mill Packed bales should be interpreted as "Press packed". In regard to the Bazaar packed goods, the Committee said that laying down a minimum weight per cubic foot would not be desirable because there would be different weights for different kinds of goods. The Committee suggested that for through booking the definition of Bazaar Packed bales given in Goods Tariff Part I was satisfactory and should be adopted by all the Railways.

**Proposal for increased rebates on coal for export, surcharge on Bunker coal, etc.**—The Committee, having been given to understand that the Railway Board proposed to convene a Conference of Coal interests to consider the proposals formulated

by the Board for increasing rebate on coal exported to foreign ports, for abolition of existing rebates on coal exported to Chittagong and Burma ports, and for the levying of surcharge on bunker coal consigned to Calcutta, sent a telegram on the 29th June, 1936 to the Government of India, Railway Department, saying that in the opinion of the Committee all these questions deserved a very careful consideration and that the Government should send particulars of these proposals for consideration by the Chambers of Commerce and should postpone the Conference till their views were received. It was also stated that these questions could personally be discussed with Sir Guthrie Russell and Mr. P. R. Rau, the Chief and Financial Commissioners of Railways, when they visited Calcutta.

In reply, the Committee received a telegram dated 30th June, 1936 from Sir Guthrie Russell stating that the Conference which would be attended by representatives from Indian Mining Association, Indian Mining Federation and Indian Colliery Owners' Association had been convened for the 8th July, and it was not possible to postpone the Conference, and that the Chief Commissioner and Financial Commissioner of Railways would also be willing to discuss this matter with the Chamber when they visited Calcutta towards the end of the month but that they could not guarantee not to take action before this meeting.

The Committee replied on the 3rd July, 1936 acknowledging the telegram and stating that they were strongly opposed to the proposal for abolition of the existing rebates to Chittagong and Burma ports, as they were apprehensive that it would enable South African coal to invade and capture those markets. The Committee also opposed the levy of a surcharge on bunker coal to Calcutta, which they said, should continue to have the same facilities as it enjoyed and not be handicapped by the imposition of a surcharge at the present juncture. While the Committee were in favour of the Government's proposal for increasing rebates on coal exported to foreign ports with a view to capture outside markets for Indian coal, they felt that such an increase should also be made applicable to coal booked to Bombay in order to enable Indian coal to compete more favourably with South African coal at that port.

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**ORGANISATION.**

**Federation of Indian Chambers of Commerce and Industry, 9th Annual Session.**—On the 31st January 1936 the Federation of Indian Chambers of Commerce and Industry addressed a letter to the Chamber intimating that the 9th Annual Session of the Federation would be held at New Delhi in April, 1936 and requesting the Committee to forward draft of Resolutions which they proposed to discuss at the Session. On 26th February, 1936 the Committee of the Chamber forwarded resolutions on the following subjects for consideration of the Federation :—

- (1) Removal of surcharges on Income-tax and Super-tax and carrying forward of business losses for Income-tax calculations.
- (2) Necessity of maintaining the existing surcharges on import duties.
- (3) Improvement in Sugarcane cultivation, utilization of Molasses, and prevention of increasing imports of Sugar at Indian States Ports.
- (4) Relief to Coal Industry.
- (5) Ottawa Agreement.
- (6) Employment of "Dufferin" cadets.
- (7) Adequate participation of Indian Shipping in the coastal and overseas trade.
- (8) Operations of non-Indian Concerns in India.
- (9) Opposition to the proposed transfer of Aden from the Indian to the British Government.
- (10) Deeds of arrangement with creditors prior to the order of adjudication.
- (11) Registration of Lis Pendens.

**Nomination of Delegates of the Chamber at the Ninth Annual Session.**—The Chamber received a letter dated 26th

February, 1936 from the Federation of Indian Chambers of Commerce and Industry intimating that the 4th and 5th April, 1936 were fixed for holding the 9th Session of the Federation and desiring the Committee to nominate four persons as delegates on behalf of the Chamber at the said Session. The Committee replied on the 29th February, 1936 that they nominated Messrs. D. P. Khaitan, A. L. Ojha, G. D. Birla and G. L. Mehta as the Chamber's Delegates.

**Election of Office-bearers and the Committee of the Federation.**—On 26th February, 1936, the Federation addressed a letter to the Chamber enquiring of the Chamber, in accordance with the usual procedure, whether any of the representatives of the Chamber were desirous of serving on the Committee of the Federation for the year 1936. The Committee wrote on the 29th February, 1936 saying that they nominated Mr. D. P. Khaitan as the President, Mr. G. D. Birla as an Ordinary Member of the Committee and Mr. A. L. Ojha as the Honorary Treasurer.

**Revision of the Constitution of the Federation.**—The Federation of Indian Chambers of Commerce and Industry wrote a letter on the 9th September, 1936 to the Chamber forwarding the draft of the revised constitution of the Federation for the consideration of the Chamber, and inviting the views of the Chamber thereon. The Committee replied on the 26th September, 1936 stating that they approved of the draft constitution framed by the Committee of the Federation.

**Standing Rice Committee of the Imperial Council of Agricultural Research.**—On the 10th October, 1936 Mr. Ashutosh Bhattacharyya, the representative of the Federation of Indian Chambers of Commerce and Industry on the Rice Standing Sub-Committee, wrote a letter to the Chamber stating that the first meeting of the Standing Committee was to be held towards the end of January and requesting the Chamber to forward to him suggestions, if any, for discussion at the said meeting. On the 17th October, 1936, the Committee addressed a letter to Mr. Bhattacharyya, forwarding for inclusion in the Agenda of the Rice Standing Sub-Committee the question of the necessity of improving the quality of Bengal rice which had been deteriorating day

by day with the result that Bengal was losing her export markets gradually, so much so that the exports of Bengal rice had fallen from 4 lacs of tons to less than 1 lac tons in 1934-35. The Committee therefore urged the necessity for the Government of India to take steps to improve Patna Paddy and for that purpose to distribute improved seeds on loan to the cultivators for sowing purposes. In this connection, the Committee pointed out that the Government of Burma had been maintaining a special department for this purpose, and as a result of the efforts made by the department, the Burma Sugandhi rice had almost replaced Patna rice in foreign markets because of its being cheaper by Re. 1 per maund. The Committee stated that other rice-producing countries of the world also like Siam, and Saigan were making vigorous efforts to improve the qualities of their rice. The Committee therefore felt that immediate steps should be taken by the Government of India to improve the quality of Bengal rice, as otherwise, the province would in no time, lose all its export trade to its foreign competitors. The Committee requested Mr. Bhattacharyya to take up this matter at the next meeting of the Standing Rice Committee of the Imperial Council of Agricultural Research.

**Nomination of one representative of the Federation on the Indian Tea Market Expansion Board.**—The Federation of Indian Chambers of Commerce and Industry wrote a letter to the Chamber on the 12th December, 1936 stating that the Government of India had asked the Federation to nominate one representative on the Indian Tea Market Expansion Board, and enquiring whether the Chamber desired to suggest any name for the same. The Committee replied on the 22nd December, 1936, recommending the name of Mr. Debes Chandra Ghose, Joint Secretary of the Indian Tea Planters' Association, for the purpose. The Federation subsequently informed the Chamber that Mr. Debes Chandra Ghose was duly declared elected, there being no other candidate, to represent the Federation on the Indian Tea Market Expansion Board.

**Representation on the Board of Communications, Bengal.**—The attention of the Committee was drawn to a Press Communique in regard to the constitution of the Board of Communications by the Government of Bengal for advising the Government

on the programme of expenditure from grants from the Central Road Fund. The name of the Indian Chamber of Commerce not being found on the Board, the Committee wrote a letter on the 25th May 1936, to the Government of Bengal, Commerce Department, regretting this omission. The Committee urged that in view of the important position occupied by the Indian Chamber of Commerce in the commercial and industrial sphere, it should be included in the list of Bodies entitled to nominate a representative to the Board of Communications appointed by the Government of Bengal.

The Government of Bengal replied on 21st September 1936, stating that the question of including a representative of the Chamber on the Board would be considered, when the Board would be reconstituted at the end of the coming financial year.

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### POSTS AND TELEGRAPHS.

**Timings of clearance of post boxes for the Punjab Mail at the Burra Bazar Post Office and the Howrah R. M. S.**—On a representation being received from the Indian Produce Association, a body affiliated to the Chamber, the Committee addressed a letter to the Postmaster General, Bengal and Assam Circle, on 2nd May, 1936 saying that considerable hardship was being experienced by the public due to the changes made in the timings of the clearance of post boxes for the Punjab Mail from 6-15 P.M. to 5-45 P.M. at Burra Bazar Post Office and from 6-30 P.M. to 6-15 P.M. at the Howrah R. M. S., as a result of the change in the departure of the Punjab Mail from 7-51 P.M. to 7-36 P.M. The Committee pointed out that as most of the commodity markets in Calcutta closed at 6 P.M. it became very difficult for merchants to post letters in time in regard to market tendencies due to the changed timings. The Committee therefore requested the Post Master General to alter the timings of clearance at Burra Bazar from 5-45 P.M. to 6-15 P.M. and at Howrah from 6-15 P.M. to 6-45 P.M.

The Presidency Postmaster, Calcutta replied on the 21st May, 1936 that with effect from the 25th of May, 1936 the latest hours of posting of unregistered letter mail articles for the Punjab Mail would be fixed at 6-15 P.M. at the Burra Bazar Post Office as suggested by the Committee.



The Committee again addressed a letter to the Presidency Postmaster on the 23rd May, 1936, thanking him for complying with their request in regard to the time of posting at Burra Bazar and also enquiring as to when they would expect a reply in connection with a similar change in the timings of the clearance of the Post Boxes at Howrah.

The Postmaster General, Bengal and Assam Circle replied on the 13th June, 1936 giving the latest hours of posting for the E. I. Railway Punjab and Bombay Mail trains at the Calcutta G. P. O., Burra Bazar and Howrah R. M. S. Post Offices. The time of clearance at the Howrah R. M. S. was fixed at 6-39 P.M. (the Committee had suggested 6-45 P.M.) and the postmaster stated that it was not possible for him, having regard to the despatch of Mails, to delay the clearance any further.

**Distinguishing signal for Trunk Telephones.**—On the 13th March 1936 the Committee addressed a letter to the Director General of Posts and Telegraphs inviting his attention to the necessity of instituting a distinguishing telephone signal in case of the Trunk Telephone Calls. The Committee stated that there being no distinction between the ringing of a local telephone call and that of a Trunk Telephone Call under the present system, it often created confusion at receiving ends as the trunk calls were received and handled like local calls by ordinary clerks or the office peons. The Committee therefore requested the Director-General to introduce an intermittent or a prolonged bell for Trunk Calls with a view to facilitate the public.

This proposal of the Chamber was supported by the Karachi Indian Merchants' Chamber and the Southern India Chamber of Commerce, Madras.

The Deputy Director of the Posts and Telegraphs replied on 21st May, 1936 stating that the suggestion had been carefully considered by the Department but he regretted that for technical reasons in the case of automatic systems, and the large expenditure involved in the case of the manual system, it was not practicable to introduce the facility. It was further stated that so far as the Department was aware, the suggested system of Distinguishing Signals for Trunk Calls was not in operation anywhere in

the World, not even in the United States of America where the Trunk System had been developed to an extent which is not approached in any other country.

**Telephone Facilities in the Ranigunge Area.**—On the 23rd April, 1936, the Committee wrote a letter to the Director General of Posts and Telegraphs, New Delhi, inviting his attention to the necessity of instituting telephone connections in the coal-fields in the Ranigunge area. The Committee stated that it was necessary and desirable to have direct means of communication between collieries and their head offices. The Committee referred to the enormous surplus revealed by the Telephone Department for the year 1934-35 *viz.*, Rs. 23,66,715 and to the statement in the Departmental Report that it was the intention of the Posts and Telegraphs Department to devote the surplus for the extension of facilities of telephone, especially trunk lines, to the public. The Committee therefore requested the Director General to look into the matter and make this facility available to the collieries in the Ranigunge area.

The Deputy Director of Posts and Telegraphs Department replied on the 22nd July, 1936 saying that the question of opening a department of telephone exchange at Bahla in the Ranigunge coalfields was under consideration.

**High Rates Charge for Registration of Abbreviated Telegraphic Address.**—On the representation of Messrs. Mohini Mills, Ltd., the Committee addressed a letter to the Director General of Posts and Telegraphs on the 28th October 1936, drawing his attention to the continuous increase in the rates for the registration of abbreviated telegraphic addresses till at the present time they were very high considering the general slump in trade and prices. The Committee pointed out that in the beginning telegraphic addresses were registered on the payment of a consolidated fee of Rs. 10 only which was subsequently fixed at Rs. 10 per annum in the period of post-war boom. In spite of the period of general depression which followed, this yearly charge for the registration was increased from Rs. 10 to Rs. 15 and again to Rs. 20 together with an additional charge of Rs. 5 per annum for special delivery instructions beyond a certain hour. In this connection the Committee referred

to the surplus shown by the Post and Telegraphs Department in its working during the years 1934-35 and 1935-36 and stated that the same should be utilised in reducing the burden on the commercial community and the public by a reduction in the rates of registration of abbreviated telegraphic addresses. The Director General of Posts and Telegraphs replied on the 9th November 1936 stating that the matter was receiving his attention.

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### MISCELLANEOUS.

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**Coal Conservation Committee.**—On learning from press reports that the Government of India had appointed a Committee consisting of 3 Europeans and 3 Indians to report on the best methods of extracting coal with a view to conserve the coal resources of India, the Committee addressed a letter on the 24th November 1936 to the Government of India stating that the Coal Conservation Committee appointed by the Government was not a representative one inasmuch as the business side of the coal trade was not represented on the Committee. The Committee referred to the present sad plight of the Industry and stated that the right course for the Government of India would have been first to take adequate steps to improve the economic condition of the Industry and then to consider the question of the conservation of coal resources and better methods of extraction the adoption of which would necessarily result in increasing the cost of production. There were several important questions, *viz.*, the present methods of purchase of coal by the Railway Board and other public concerns, etc., which required thorough consideration. The Committee were therefore of the opinion that the terms of reference for the Conservation Committee ought to have been much wider so as to include a survey and examination of the fundamental questions relating to the economic condition of the Coal Industry and requested the Government of India to widen the same. The Committee further requested that a representative of the bodies representing the Coal Industry should also be included in the Conservation Committee. The Government of India replied on the 29th December 1936 stating that they decided that it would be preferable to have an expert Committee rather than a representative one. The Government of India regretted their inability to

widen the terms of reference as they were of the opinion that the terms were sufficiently wide. In regard to the observations of the Committee that the present methods of mining and wastage of coal were in some measure due to the sad economic condition of the Industry the Government of India pointed out that even in 1920 which was a period of high prices and great prosperity for the Industry, the adoption of wasteful methods of extraction was very common.

**Restrictions of Entry of Indians into Burma.**—The Burma Indian Chamber of Commerce forwarded on 7th November 1936 a copy of its telegram to the Secretary of State for India protesting against the power to be given to the Burma Legislature under the Draft Instruments of Instructions of imposing restrictions on the immigration of Indians into Burma and requesting the Chamber to support the representation. The Committee thereupon addressed a telegram on the 10th November 1936 to the Private Secretary to His Excellency the Viceroy strongly protesting against the said provision in the Draft Instrument which the Committee pointed out would seriously affect the interests of the Indian immigrants and would be very detrimental to Indian interests. The Committee therefore requested His Excellency the Viceroy to convey to the Secretary of State for India the deep anxiety and concern of Indians on this important matter and seek amendment of Instrument of Instructions in order to confine the power of Burma Legislature to impose restrictions on entry on unskilled Indian labour only and that too in consultation with the Government of India—a policy which had been accepted by the Parliament. The Private Secretary to His Excellency replied on the 20th November 1936 stating that the telegram had been forwarded to the Reforms Commissioner to the Government of India to whom all communications on the subject might in future be addressed.

**Condolence Message on the death of Smt. Kamala Nehru.**—On learning the sad news of the death of Mrs. Kamala Nehru, the Committee sent a telegram on the 29th February, 1936 to Mrs. Motilal Nehru, expressing deep regret at the news of the sad death of Shrimati Kamala Nehru in Europe. The Committee added that in her, India had lost a true, brave and noble lady working for the cause of India's freedom and they offered their heartfelt

condolences to Mrs. Motilal Nehru and Pandit Jawaharlal Nehru in their sad bereavement.

**Memorial to King George V.**—On the 25th February, 1935 the Private Secretary to the Governor of Bengal addressed a letter to the Chamber intimating that in response to the representations of the Maharajadhiraja Bahadur of Burdwan and Sir Walter Craddock, His Excellency had decided to convene a representative provincial meeting on March 14th, 1936 at the Government House to consider ways and means for perpetuating the memory of His Late Majesty King Emperor George V. The Private secretary also requested the Chamber to nominate representatives to attend the meeting. The Committee of the Chamber replied on the 2nd March, 1936 saying that they nominated Mr. B. M. Birla and Mr. A. L. Ojha to attend the Meeting on behalf of the Chamber.

**Felicitations to Mr. D. P. Khaitan on his election as the President of the Federation.**—The Committee conveyed their felicitations to Mr. D. P. Khaitan on his election as the President of the Federation of Indian Chambers of Commerce and Industry for the year 1936.

**Seventh Annual Meeting of the Indian National Committee.**—The Committee received a letter dated 29th February, 1936 from the International Chamber of Commerce, Indian National Committee intimating that the 7th Annual Meeting of the National Committee would be held on 4th April, 1936 at New Delhi and inviting the Chamber to nominate one member as the Chamber's representative at the said Annual Session. The Committee replied on the 14th March, 1936 that they nominated Mr. D. P. Khaitan to represent the Chamber at the Annual Meeting of the Indian National Committee.

**Resignation of Mr. M. P. Gandhi, Secretary of the Indian Chamber of Commerce.**—Mr. M. P. Gandhi, having tendered his resignation from his office as the Secretary of the Indian Chamber of Commerce, Calcutta, with effect from the 15th July, 1936, the Committee of the Chamber accepted the resignation with regret and passed the following resolution:—

“The Committee accept with regret the resignation of Mr. M. P. Gandhi from the Secretaryship of the Chamber with

effect from the 15th July, 1936, which post he filled for about ten years with great ability and energy. The Committee place on record their appreciation of the services rendered by Mr. Gandhi to the Chamber. The Committee wish him success and prosperity in his future career."

The Committee also sanctioned a bonus of Rs. 4,000 to Mr. Gandhi in consideration of his services to the Chamber:—

"The Committee resolved that Mr. S. R. Dhadda be and is hereby appointed Officiating Secretary of the Chamber and that he is authorized to operate on the Bank Accounts of the Chamber."

**Felicitations to Sir Hari Shanker Paul on his election as the Mayor of Calcutta.**—Sir Hari Shankar Paul, the President of the Bengal National Chamber of Commerce, having been elected as the Mayor of Calcutta, the Committee addressed a letter to him on the 16th May, 1936, conveying their felicitations on his unanimous election. The Committee stated that they were particularly gratified to see that a prominent businessman of the city and the President of a sister Chamber had been elected to the Mayoral Chair. They wished him every success.

On the 18 May, 1936, the Committee received a reply from Sir Hari Shankar Paul expressing his thanks to the Committee for the felicitations offered.

**Condolence Message on the Death of Sir R. N. Mookerjee.**—On hearing of the sad news of the death of Sir Rajendra Nath Mookerjee the Committee wrote a letter on the 16th May, 1936 to Mr. J. N. Mookerjee expressing their profound regret at the sad news of demise of his revered father. The Committee stated that in Sir R. N. Mookerjee, Bengal and India had lost not only a capable, keen, enterprising and imaginative businessman, but a public man of sobriety and sterling worth. His death was a great blow to the commercial community of this Province as well as the country. The Committee offered their heartfelt condolences to Mr. J. N. Mookerjee and the other members of the bereaved family in the great loss sustained by the death of Sir R. N. Mookerjee.

**Death of Mr. Jairamdas Sethia.**—On hearing of the sad news of the death of Mr. Jairamdas Sethia, the Committee addressed a letter on 18th July, 1936 to Messrs. Kalyanji Mavji & Co., expressing their sense of deep regret at the news of the premature death of Mr. Sethia under very tragic circumstances, arising out of the disaster in Adjai second colliery. The Committee stated that his death had removed from the commercial community of Calcutta a youngman full of enterprise and abilities, and they requested Messrs. Kalyanji Mavji & Co., to convey their heartfelt condolences to the members of the bereaved family. On the 8th August, 1936, Messrs. Kalyanji Mavji & Co., replied thanking the Committee of the Chamber for their sympathy on the death of their Mr. Sethia.

**Death of Sir Lallubhai Samaldas, Kt.**—The Committee learnt with profound regret the sad news of the death of Sir Lallubhai Samaldas on the 14th October 1936 at Bombay. The Committee addressed a telegram on the 15th October to Mr. G. L. Mehta, Vice-President of the Chamber, expressing their deep sorrow at the sad news of the demise of his revered father Sir Lallubhai Samaldas. The Committee stated that his death was a great loss to the Indian commercial community and it removed a veteran from its ranks. The Committee offered their heartfelt condolences to Mr. G. L. Mehta and the bereaved family.

Mr. G. L. Mehta replied on the 18th October, 1936 thanking the Committee for their sympathy with them in the bereavement that had overtaken the family of Sir Lallubhai.

**Affiliation of the Shareholders' Association, Calcutta, and the Indian Insurance Companies' Association.**—The Committee of the Chamber having received requests from the Shareholders' Association and the Indian Insurance Companies' Association to affiliate them to the Chamber, the Chamber granted affiliation to both on an annual fee of Rs. 250 and Rs. 1,000 respectively.

**Tribunal of Arbitration.**—Since its appointment in 1927 the Tribunal of Arbitration have disposed of a large number of cases. The Tribunal was appointed by the Chamber for the determination, settlement and adjustment of disputes and differences between parties who refer to it matters in dispute for arbitration. With a

view to cover the varying nature of disputes arising in different trades and in order that the work may be placed in the hands of gentlemen selected for their expert knowledge of the branch of trade and industry with which the dispute is concerned, separate panels have been appointed for each of the following trades on the Tribunal of Arbitration *viz.*, (1) Jute (2) Gunny, (3) Piece-goods and yarn (4) Iron and Steel (5) Coal and Minerals and (6) General. The Secretary of the Chamber acts as the Registrar of the Tribunal of Arbitration. The arbitrations are conducted at a small charge for the facility of the commercial community, no distinction being made in the charges in respect of arbitrations between the Chamber members, or a member and non-member.

**Survey Certificates.**—The Chamber also undertakes the survey of merchandise, and issues certificates of analysis of the same, for facility of merchants. Several members of the Chamber are regularly taking advantage of this facility.

**Certificates of Origin.**—The Chamber also issues Certificates of Origin in regard to all commodities produced in British India and which are being exported to foreign countries. Several merchants and firms are regularly taking advantage of this facility.

**Collaboration of other bodies with this Chamber.**—The Chamber continued to receive a great deal of assistance from the following Associations which are either affiliated to it or are its members :—

- (1) Indian Sugar Mills Association.
- (2) Jute Balers' Association.
- (3) Indian Produce Association.
- (4) East India Jute Association.
- (5) Calcutta Rice Merchants' Association.
- (6) Calcutta Kirana Association.
- (7) Gunny Trades Association.
- (8) Indian Tea Merchants' Association.
- (9) Marwari Rice Mills Association.



- (10) Indian Colliery Owners Association.
- (11) Sindhi Merchants' Association.
- (12) Indian Insurance Companies Association.
- (13) Shareholders' Association.

Other Commercial Associations of Calcutta, *e.g.* Bengal National Chamber of Commerce, Marwari Association, Muslim Chamber of Commerce, etc., have also assisted the Chamber in several ways in its deliberations on matters of interest to the commercial community and the thanks of the Committee are due to them.

**Supply of Complimentary Literature.**—The Committee have pleasure in acknowledging with thanks the various publications and statistical reports supplied to them by the various Departments of the Government of India, the Government of Bengal, including the Publicity Officer, H.M.'s Trade Commissioner and the Director General of Commercial Intelligence and Statistics. The Committee are also under a similar obligation for courtesy extended to the Chamber by the Consuls of America, Germany, Denmark, Belgium, Japan, Italy, Sweden and Czechoslovakia, who forwarded to the Chamber interesting literature bearing on the commercial, economic and industrial problems of their respective countries.

**Membership.**—The membership of the Chamber stood on the 31st December 1936 at 194. The members elected during the current year help to augment the representative character of the Chamber representing as they do, diverse interests of trade and industry like Drugs and Chemicals, Hardware, Cloth and Grain Merchants, Tea, Engineering, Share and Stock brokers, Insurance, Accountants, Bankers and Merchants, etc.

**Finances.**—A statement of the Revenue and Expenditure of the Chamber for the year ending 31st December 1936, together with the Balance Sheet as on 31st December, 1936, are appended to the Report. The mainstay of the finances of the Chamber, it need hardly be stated, is the subscription received from the members. The receipt under this head amounted to Rs. 13,850 only during the year under review. Steps are being taken to collect the outstanding subscription from members. During the

year, all members of the Chamber who were appointed as representatives of the Chamber on various public bodies, returned to the Chamber the fees derived by them from attending meetings of their respective bodies as contributions towards the funds of the Chamber. These contributions amounted to Rs. 842-6-0, Rs. 394-15-0, having been received from Mr. D. P. Khaitan, Rs. 159-11-0 from Mr. M. L. Shah, Rs. 127-12-0 from Mr. A. L. Ojha, Rs. 96-0-0 from Mr. K. L. Jatia and Rs. 64-0-0 from Mr. F. Gangjee.

The Committee welcome this opportunity of expressing their thankfulness to the various members for their munificence.

S. R. DHADDA,

B. M. BIRLA,

*Offg. Secretary.*

*President.*

*12th February 1937.*

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## **STATEMENT OF ACCOUNTS.**

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## Indian Chamber of

*BALANCE SHEET as at*

LIABILITIES.		Rs.	A.	P.	Rs.	A.	P.
OUTSTANDING LIABILITIES :—							
General Department ...	...	416	4	9			
Tribunal of Arbitration ...	...	382	8	0			
					798	12	9
PROVIDENT FUND ACCOUNT ...	...	...			2,499	0	0
Contribution for Furniture ...	...	1,241	5	6			
Contribution for Portraits of Presidents ...	...	390	0	0			
					1,631	5	6
SURPLUS FUND :—							
As per last Account ...	...	17,244	6	9			
Less Excess of Expenditure over Income ...	...	4,788	6	7			
					12,456	0	2
TOTAL Rs. ...	...	...			17,385	2	5

**Auditors' Report.**

We beg to report that we have audited the Balance Sheet of the Indian Chamber of Commerce, Calcutta, dated 31st December 1936, as above set forth with the books and accounts submitted and have obtained the information and explanations we have required.

In our opinion, such Balance Sheet is drawn up in conformity with the law and exhibits a true and correct view of the state of Chamber's affairs according to the best of our information and explanations given to us and as shown by the books and accounts of the Chamber.

For S. B. DANDEKER & CO.

S. B. DANDEKER, B. COM., G.D.A.,

R.A., F.R.E.S. (London).

*Government Diplomaed Accountant,  
Registered Accountant.*

*Hony. Auditors.*

18, Parsee Church Street,  
Calcutta, 12th February, 1937.

**Commerce, Calcutta.****31st December, 1936.**

ASSETS.		Rs.	A.	P.	Rs.	A.	P.
FURNITURE :—							
As per last Account	...	6,489	11	0			
Add Additions	...	3	0	0			
		6,492	11	0			
Less Depreciation at 5%	...	324	10	0	6,168	1	0
LIBRARY :—							
As per last Account	...	2,572	5	0			
Add Additions	...	181	15	0			
		2,754	4	0			
Less Depreciation at 5%	...	137	11	0	2,616	9	0
Suspense	...	...			727	0	0
DEPOSITS :—							
With Calcutta Electric Supply Corporation Ltd.	...	30	0	0			
With Imperial Library	...	20	0	0			
With Trunk Telephone	...	60	0	0	110	0	0
Provident Fund Investment Account	...	...			2,469	0	0
CASH AND BANK BALANCES WITH BANKERS :—							
Bank of India Ltd.	...	4,948	10	8			
Central Bank of India, Ltd.	...	108	0	9	5,056	11	5
CASH IN HAND INCLUDING PETTY CASH :—							
General Department	...	201	2	3			
Tribunal of Arbitration	...	6	10	9	207	13	0
TOTAL Rs.	...	...			17,385	2	5

S. R. DHADDA,  
Offg. Secretary.

B. M. BIRLA,  
President.

## Indian Chamber of

*REVENUE ACCOUNT for the*

EXPENDITURE.	Rs. As. P.	Rs. As. P.
To Establishment ... ..	...	18,616 13 0
„ Rent ... ..	...	3,750 0 0
„ Printing Charges ... ..	...	1,470 4 0
„ Stationery ... ..	...	872 6 6
„ Telephone Charges ... ..	...	567 4 0
„ Postage and Telegrams ... ..	...	562 6 6
„ Contributions to Journals and Newspapers ... ..	...	365 3 10
„ Charges General ... ..	...	768 6 3
„ Subscription to Federation of Indian Chambers of Commerce and Industry ... ..	...	150 0 0
„ Subscription to International Chamber of Commerce, Indian National Committee ... ..	...	66 0 0
„ Travelling Expenses ... ..	...	506 4 3
„ Repairs to Furniture ... ..	...	221 2 0
„ Publicity Account ... ..	...	100 0 0
„ Electric Charges ... ..	...	216 3 3
„ Bank Charges ... ..	...	8 4 0
„ Contribution of the Chamber towards Provident Fund ... ..	...	1,015 3 0
„ Advertisement Charges ... ..	...	48 15 0
„ Incometax ... ..	...	50 5 0
„ DEPRECIATION :—		
Furniture @ 5% ... ..	324 10 0	
Library @ 5% ... ..	137 11 0	
		462 5 0
TOTAL ... ..	...	29,817 5 7

S. R. DHADDA,  
Offg. Secretary.

B. M. BIRLA,  
President.

**Commerce, Calcutta.***year ended 31st December, 1936.*

INCOME.	Rs. As. P.	Rs. As. P.
By Subscription from members ...	...	13,850 0 0
„ Contributions ...	...	842 6 0
„ Affiliation fees ...	...	9,900 0 0
„ Fees for issuing Certificates ...	...	252 0 0
„ Institution fees ...	...	10 0 0
„ Interest ...	...	174 9 0
„ Excess of Expenditure over Income ...	...	4,788 6 7
<i>Note.</i> —The figure against subscription from members is the actual sum received, the outstanding subscription not being taken into account.		
TOTAL ...	...	29,817 5 7

Examined and found correct.

For S. B. DANDEKER &amp; Co.,

S. B. DANDEKER,

B. COM. G.D.A , R.A. ,

Government Diplomaed Accountant,

Registered Accountant.

} *Honorary  
Auditors.*

Calcutta, 12th February, 1937.





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# **CORRESPONDENCE**

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## INTERVIEWS AND MEETINGS.

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*Presentation of an Address of Welcome to His Excellency the Most Honourable Victor Alexander John Hope, Marquess of Linlithgow, P.C., K.T., G.M.S.I., G.M.I.E., O.B.E., D.L., T.D., Viceroy and Governor-General of India.*

MAY IT PLEASE YOUR EXCELLENCY,

On behalf of the Indian Chamber of Commerce, Calcutta, we beg to welcome Your Excellency on the occasion of your first visit to this, the Second City of the Empire, after the assumption by Your Excellency of the high office as the Viceroy and Governor-General of India.

YOUR EXCELLENCY has assumed the reins of the Government of this country at a time when momentous changes in the political, economic and other spheres of national life are taking place. We feel confident that Your Excellency will be able to conduct the administration of the country with sympathy for the needs and aspirations of its people.

The fundamental issues in India to-day are the need of economic improvement of the masses, the solution of unemployment among the educated middle classes and the development of industries. It is a good sign that there is widespread awakening in all the Provinces in regard to the necessity of economic amelioration and development. Your Excellency, by your personal interest in the improvement of the breed of cattle and nutritional problems, has given a fillip to rural work. We venture to think that Your Excellency's stress on these two matters is only symbolical of the work needed to be done in the villages in a larger number of directions for the economic uplift of the masses. We feel that there is an urgent need for the development of cottage industries as also for the production of articles of daily necessity required for raising the standard of living of the people.

The solution of the problem of unemployment will further need the development of small-sized industries and of internal trade.



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The solution of the problem of unemployment will further need the development of small-sized industries and of internal trade.

The progress of industrialisation, particularly during the last few years, has prevented drain to foreign countries and served to conserve national wealth and enhance national income in this land. We feel strongly that what is required is a more positive and consistent policy of Government assistance, to national industries. We cannot help observing in this connection that it is unfortunate that there should be apprehensions in the public mind that Government may abandon even their policy of discriminating protection especially when the ideal of economic self-sufficiency is accepted even by free trade countries like England, and when the international situation requires the development of key industries, as a matter of strength, economic and defensive to the nation. We trust that Your Excellency will be able to re-assure the Indian commercial community and the public at large that Government have no intention of going back on the policy that they have accepted.

In all these respects a vigorous and comprehensive national policy is absolutely essential and the drive must come from the Centre which has at its helm such a distinguished person as Your Excellency. It cannot be said at the present moment that the Governments, either Central or Provincial, and the people have any sufficiently common or definite ideas before them to work up to. It is eminently desirable that the Government of India, in consultation with the Provincial Governments, if necessary, should enunciate clear objectives of economic development and all possible measures should be taken to attain them. The achievement of economic uplift of the country necessarily depends upon cheap and plentiful supply of money, cheap transport and adequate protection. Every endeavour should be made to secure complete co-operation between the Government and the people in the economic sphere.

We cannot conclude this Address without referring to the keen sense of disappointment of the Indian commercial community at the refusal of the Government to review their currency policy and to associate Indians with the Railway Enquiry Committee.

In conclusion, we beg to offer Your Excellency and the Marchioness of Linlithgow our sincere welcome and our best wishes

that Your Excellency's regime may be an era of constructive work and all-round progress for the people of this country.

We have the honour be,  
Your Excellency's most obedient servants

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*Copy of His Excellency the Viceroy's speech in reply to the address  
from the Indian Chamber of Commerce, on  
23rd December 1936.*

Gentlemen,

I thank you warmly on behalf of Lady Linlithgow and myself for your welcome to us, and for the good wishes which you have been so kind as to express. As you have observed, the time at which I have assumed the heavy responsibilities of my present office is one when momentous changes are taking place in the political and economic life of India. I am well aware of the importance of those changes: but I can at once assure you that in discharging the onerous duties that fall to me, my first concern will at all times be that my action should be informed by a lively sympathy for India, and for her best interests.

I heartily share your view as to the importance of improving the condition of the masses. To this subject I have myself devoted the closest personal attention since I assumed office last April. I would like to take this opportunity to say that in anything that I have been able to do to assist the cultivator, to bring about an improvement in his conditions of livelihood, and to stimulate interest in matters so important as the improvement of the breed of cattle and the problem of nutrition, I have received the utmost assistance from official and non-official agencies alike, and from the press. The power of the press in matters such as these is great, and I am glad to think that it has consistently been used to such good purpose, and that in the efforts I have been making I have at all times had behind me its ready and prompt assistance.

I agree with you that important as questions such as the improvement of the breeds of cattle and the problem of nutrition may be, they do not by themselves by any means exhaust the whole field of rural betterment. Nor, indeed, are the activities of the



appropriate departments of Governments in this country in any way limited to those particular objectives, vital though I hold them to be. Thus, I am in entire agreement with you in holding that the development of cottage industries is a direction in which further and valuable progress can be made. But such study as I have been able to make of the experience in this field of other countries as well as of our own, convinces me that the rapid expansion of cottage industries can never be easy of achievement, for the problems to be solved in connection therewith—particularly that of securing a profitable outlet for the products of such industries—are notoriously difficult of solution. Happily, however, there already exists in India a solid foundation on which to build; and I am glad to observe in many quarters a determination to promote wherever practicable the establishment of cottage industries. It is only in the last few days that, during my visit to the Agricultural and Industrial Exhibition at Lucknow, I have had an opportunity myself to visit a display which bears eloquent witness to the interest which has been taken in the matter in that important province.

The problem of unemployment is, as you are as well aware as I am, one the solution of which calls for the united endeavour of us all. The difficulties are great; but I am glad to think that already some advance has been made, and no one can fail to be impressed by the readiness—indeed the anxiety, of all classes of the community to assist. The Presidency of Bengal has particularly distinguished itself by the initiative and the energy which it has displayed in dealing with this most important question. The development of small size industries is one valuable way by which we can assist in dealing with this problem, and I am glad to think that that method of approach has been tried and as I understand it, with marked success in this Presidency.

You have dealt in some detail in your address with the progress of industrialisation and you have drawn attention to a fact which I, like you, agree in regarding as significant—the fact that the national income of India has been enhanced in a period of depression. On the question of protection I would say only that I am I think right in holding the view that there is a growing recognition among Indian industrialists of the fact that protection, if sufficient discrimination is not exercised, may produce unfortunate

effects, and that it is unwise to overestimate the potentialities which it offers for the reduction of unemployment. You have suggested too that a vigorous and comprehensive national industrial policy is essential, and you have been good enough to indicate that the impetus might well come from the centre. I will only say on that point that to the best of my judgment the policy of the Central Government upon this highly important question has been entirely consistent; and that in the Provinces Ministers, who both under the late Act, and under the Government of India Act of 1935, have been and will continue to be directly concerned with it have, I think I am right in saying, consistently shown a full realisation of the importance of industrial development in all directions in which the differing conditions of individual provinces make such development possible. I observe with interest that the seat allotted in the Bengal Provincial Legislative Assembly to your Chamber has already been filled, and I feel no doubt that the representative of a body with experience and knowledge such as are at your disposal can be relied on to play an effective part in any discussions which may take place in the Provincial Assembly as affecting industrial development and improvement in Bengal.

In the remarks you have addressed to me you have stressed the importance of co-operation between Government and the people. I wholly share your view on that point and I regard it as of the first importance that co-operation should be of the closest. I am confident that you will at all times find on the part of officials, whether officials of the Government of India or of the provincial Governments, an entire readiness to consider with sympathy any practicable propositions which may be laid before them for dealing with the many important matters to which you have referred. And if results of value are to be obtained, the friendly assistance, the interest, and the co-operation of non-official gentlemen and of bodies of a non-official character are essential I know to what an extent these have on so many occasions been forthcoming: but it is I think not inappropriate to take the occasion of your remarks to say again how great an importance I attach to these considerations, and how sincerely I hope that, in the interests of progress, of provincial development, of the solution of problems so fundamental as the problem of unemployment, it will continue to be afforded, and to be afforded indeed in a fuller measure even than in the past.

Without the ready co-operation of non-official elements the best results can hardly be looked for. Such co-operation is consistent with honest difference of opinion on many major issues, and indeed if in India we are to make a success of popular government, it is very necessary that we should learn rather to concentrate upon points of agreement than to overstress the significance of matters as to which some difference of opinion may have emerged. But, as I endeavoured to make clear in the address which I broadcast on assuming my present office, even if occasions arise on which I do not find myself able to agree in all matters with those with whose affairs I am concerned, I am prepared at all times to accept the sincerity and good-will of those with whom I differ; and I feel little doubt that that is equally true of the whole machine of government.

I am sorry that you should be dissatisfied with the attitude of my Government in regard to currency policy and to composition of the Railway Enquiry Committee. Here again I fully recognise that currency policy is a matter on which different views may be held by different people, and with honest conviction on both sides. But it is also a question as to which it is well that the public in this country and the business community in particular should be fully seized of the policy and intentions of Government. As I recently indicated in reply to the Madras Currency League, the position is that in our considered view there is no case for re-opening the question of the rupee ratio; and furthermore it is my duty to tell you with the utmost plainness that there is not the least likelihood of that view being modified. As for the composition of the Railway Enquiry Committee, I have been concerned above all to secure a body of acknowledged experts and of outstanding ability, who could be relied upon to examine with entire detachment the important and for the most part highly technical problems presented by the railway system of this country, and to advise in the light of their great experience of similar difficulties in other countries as to the remedial action which might most appropriately be taken. The Committee will, I am sure, be more than grateful for any views which may be laid before them by traders or others, and for any expressions of opinion or for any suggestions which the commercial community of this country, or which a body so important as that which I now see before me may care to communicate to them. And I am confident equally from my own knowledge of the high capacity

and the great experience of the members of the Committee that any such proposals or suggestions will receive the most careful and sympathetic consideration.

Gentlemen, I thank you again for your address. It has been a pleasure to me to meet you here to day; and I am grateful to you for the cordial welcome which you have extended to me. We may not always see eye to eye on all questions, and our difference of view may extend to matters of importance. But we are, I feel no doubt, at one in aiming at securing that in the decisions which we take and the policy we advocate, the interests as we see them of India and of her citizens shall be the paramount and decisive consideration.

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INTERVIEW WITH THE HON'BLE SIR GUTHRIE RUSSELL, Kt., CHIEF  
COMMISSIONER AND MR. P. R. RAU, FINANCIAL  
COMMISSIONER OF RAILWAYS.

*Note on the subjects for discussion with the Chief and Financial Commissioners of Railways when they met the Committee of the Chamber on Tuesday the 28th July 1936.*

On behalf of the Committee I thank you for the trouble you have taken in coming here and for giving us an opportunity to discuss certain important questions relating to railways that are not only vital to the commercial community but also, on a broad basis, concern the agricultural and industrial development of the country.

**1. Railway Finance.**—At the outset the Committee would like to refer to the question of Railway Finance. It is admitted on all hands that the Railways constitute a commercial organization. The Railways are the largest property of the tax-payer and in their capacity as the largest single public carrier, they involve the interests of the whole mercantile community and the public at large. It would therefore certainly be a matter for serious consideration that such an important organisation like the Railways should not be in a position to balance its budget. The publication of the Report of Sir Otto Niemeyer has lent added importance to the question of Railway administration inasmuch as the prospects of the

provinces getting financial relief from the Centre in the shape of sharing in the proceeds of Income-tax, etc., have now been made dependent on the financial recovery of the Railways. Indeed, the Government of India also have indicated their views on the Niemeyer's report very frankly acknowledging that unless the solvency of the Railways on the basis of the full commercial accounting system can be secured before long, the later stages of the programme envisaged by Sir Otto Niemeyer will be quite impossible of achievement. Sir Otto Niemeyer has himself stated that "the position of the railways is frankly disquieting. It is not enough to contemplate, that in five years' time the railways may merely cease to be in deficit." Thus the question of putting Railway Finance in order is one of supreme importance and its necessity is universally acknowledged.

We are aware that this matter is also engaging your attention and that so far as the end in view is concerned you are no less enthusiastic about it. What we have to put forward therefore to you to-day is not so much with regard to the end sought as with regard to the methods to be adopted to secure that end. Broadly speaking the Railways have put forward certain remedies to meet this situation, *viz.*, an increase in the rates of freight and undertaking of measures to handicap motor competition. The Committee have recently forwarded to you their views on this matter and we therefore do not like to take more of your time by repeating the same arguments once again. But we cannot help reiterating that the best and the safest course for the railways to adopt is to follow a policy of reducing expenses and increasing efficiency. This would enable them to lower the cost of operation which in its turn would make the way easier for bringing down the high freight rates, which is the only sure and lasting method of attracting more traffic. Indeed the Committee of the Chamber are inclined to believe that the railways have not taken necessary steps for putting their house in order by reducing working expenses to the extent required or by adapting themselves to the needs and conveniences of the mercantile community. The Committee would therefore suggest that the Railway Board should undertake a thorough enquiry into the matter of Railway Finance, and Railway administration in order to find out every possible scope for economy in

their working and to increase their efficiency. The general impression of the Mercantile community and the public is that the Railway authorities have not taken adequate steps in that direction.

We would like to refer here briefly to the question of motor competition. The Railways attribute the whole cause of their present state to the competition from motor transport and they have now prevailed on the Government of India to undertake legislative measures to drive away motor competition from the field in order to establish the monopoly of the railways in transport. If such competition is now eliminated by legislative action it would tend to make the railways relapse into monopolistic apathy, if not inefficiency. The Committee would not take much of your time by recounting here the various pros and cons of the question but would only say that competition from the road has been the only incentive for the Railways to try to develop efficiency and to be responsive to the needs and demands of the public. Moreover, even in the interests of general public, it is not desirable to oust motor transport from its legitimate sphere as it will be admitted that motor transport contributes in no small measure to the employment of people and to convenience afforded to the public in the carriage of both passengers and goods. In this connection the Committee would like to refer to the following observations of Sir Joseph Bhole, the late Commerce Member, in 1935, when he welcomed motor competition :—

“Scientific research may, quite conceivably and perhaps sooner than we imagine, cut down by a substantial margin to-day's operating costs of motor transport. Whatever may be the strictly narrow railway view of such competition, present and prospective, we must all admit that in the larger interests of the country it is good that it should exist, for only through such rivalry can the public be assured of the maximum efficiency in service at a minimum cost.”

The Committee understand that the Transport Advisory Council which recently met at Simla have recommended to the Government of India that in connection with the amendment of the Indian Motor Vehicles Act of 1914, steps should be taken in consultation with the Local Governments, to appoint a Committee to enquire

into and report on the desirability of imposing compulsory insurance on motor vehicles against third party and passenger risks. The Council has also suggested other measures relating to the control of road traffic such as a reasonable standard for the maintenance of vehicles, the medical inspection of drivers, adequate inspection and enforcement of control regulations, etc. A restriction in the number of motor buses is also recommended to avoid wasteful competition. The Committee fail to understand how the Railways are justified in getting such proposals initiated and feel that the suggestions made by the Transport Advisory Council are calculated to place great handicaps in the way of motor transport where they are in conflict with the interests of the Railways. The Committee therefore are opposed to the enactment of such legislation.

The second measure proposed to be adopted by the Railways in order to meet their loss is the enhancement of classification on several commodities resulting in high freight rates. It is really a matter of surprise that a commercial concern like the Railways should think of raising the cost of its services instead of lowering the same in order to attract more traffic and public sympathy. The Committee have no doubt that any measures calculated to increase the already high freight rates would result in a great set back in Railway finance instead of adding to the Railway Revenues. As you are well aware, there has been a general slump in prices and what was required was a consequent reduction in the transport charges in order to keep the burden even and give relief to the public which has been long overdue by way of reduction in the Railway freights. The Committee would therefore suggest that the Railway authorities should change their present attitude and put their own house in order by increasing efficiency.

**2. Proposed changes in Rebates and Surcharge on Coal.**—We would next refer to the proposals that are now engaging the consideration of Railways in consultation with Coal Mining interests in regard to the increase of rebates on coal for export out of India, the imposition of surcharge on Bunker coal consigned to Calcutta and the discontinuance of the grant of rebates on coal shipped to Chittagong and Burma Ports. The Committee of the Chamber have already expressed their opinion that they welcome

the proposal of the Railways to increase rebates on coal exported to foreign countries for whereas on the one hand it would help the Indian coal industry to recapture its lost foreign markets including Ceylon, where bounty-fed African coal has made great inroads and is almost driving Indian coal out of that market, the Railways on the other hand would also certainly benefit from the increase in traffic which would result from the enhancement of rebates on coal. The Committee, however, desire to invite your attention in this connection to the necessity of allowing enhanced rebates on freights from pit's-mouth to ship's side which should be adequate to enable Indian coal to compete in foreign markets. The fact that inspite of the pit's-mouth value of both Natal and Japanese coal being higher than the pit's-mouth value of Indian coal, the former is "displacing" the latter in foreign markets shows that the advantage to Natal and Japanese coal lies in the freights. The Committee therefore trust that the Railway would consider this point favourably and allow enhanced rebates on freights from pit's-mouth to ship's side.

The Committee also feel that the increase in rebate proposed by the Railways should be made applicable to coal consigned to Bombay. At present Indian coal has to meet with serious competition from the bounty-fed African coal in the Bombay market. In order to enable Indian coal to compete more favourably with South African coal at the Port of Bombay, the Committee feel that the Railways ought to consider the question of making this increased rebate applicable in case of coal shipments to Bombay.

The Committee are strongly opposed to the proposal for the abolition of the existing rebates on coal shipped to Chittagong and Burma Ports. At present the annual shipment of Indian coal to these Ports comes to more than half a million tons. The Committee are apprehensive that any reduction in the existing rebates would immediately operate in favour of South African or Japanese coal and would enable it to invade and capture those markets. The Committee cannot also approve of the proposal of Railways to levy a surcharge on bunker coal consigned to Calcutta. The demand for bunker coal at the port of Calcutta has already fallen in recent years due to the general depression in World trade. Many steamers from European countries, Japan and other places already



carry bunker coal sufficient for the round voyage owing to shortage of cargo. The Committee think that what is required is combined effort on the part of the Indian Colliery Owners and the Railways to try to reduce the prices of bunker coal in order to attract foreign steamers to take their supply at the port of Calcutta rather than undertake measures which may make bunker coal dearer. In any case we think that any addition to the present prices of bunker coal would go against the interests of both the coal industry and the Railways. The Committee suggest that the mercantile community should also be consulted along with coal interests in proposals for any such measures.

**3. Rates for Soft Coke.**—The question of the necessity of reducing Railway rates on soft coke booked to long distances, was discussed with yourself last year on a similar occasion but the Committee regret to note that since then the Railway Board have not complied with the request of the Indian Coal industry to effect a reduction in rates for Soft Coke. Later on, the Committee were advised by the Railway Board to approach the Railways individually for getting a reduction and accordingly they approached the East Indian Railway to give a special concession by reducing the existing scale of charges on soft coke booked to the following markets, which offer an opportunity for development of the use of Soft Coke :

Bombay	Karachi	Ahmedabad
Poona	Indore	Bhavanagar
Amritsar	Agra	Sholapur
Baroda	Lahore	Rajkot
Delhi.		

But unfortunately the E. I. Railway Administration have not seen their way to reduce the existing rates for Soft Coke on no other ground than that the rates are already low. The Committee would like to point out that the scale of charges for alternative fuels like fire-wood is lower than that for coal per maund per mile. In order therefore to assist Soft Coke in competing with alternative fuels, *e.g.*, fire-wood, it would be very much helpful if the Railways considered the question of reduction of freight particularly for the above markets where there is a potentiality of increased consumption. The Committee would therefore request the Railway Board to

reconsider this question and reduce rates for soft coke to long distances, even as an experimental measure, with a view to help the Indian coal industry, particularly the second class collieries manufacturing soft coke and indeed indirectly the Railways themselves who would benefit from the increased traffic which is sure to result as a consequence of the reduction of the existing rates on soft coke.

**4. Differential treatment in Railway Freight accorded to Coal from the Central Provinces.**—The next question to which I would invite your attention is the question of special concession given to C. P. Coal. This question was also discussed when we met last when you were pleased to promise to give your sympathetic consideration to the matter. The Committee feel that as a result of this differential treatment in Railway freights the Bengal coal inspite of its superior quality, has lost considerable ground in the Western India markets and the collieries in the Central Provinces have been enjoying undue benefit at the expense of Bengal coal. It is true that the Railway Board have increased the scale of Railway freight on coal from C. P. Collieries by 10%, but the fact remains that the scale is still 10% lower than the one applicable in case of coal from Bengal and Bihar collieries as well as one or two C. P. collieries on the B. N. Railway.

It might be pointed out that C. P. coal is continually getting the upperhand over Bengal coal. During the financial year 1935-36, the despatches of C. P. coal increased to 14,21,311 tons against 13,64,922 tons during the previous year. The Amalgamated Coal Fields working in C. P. have declared a dividend of 15% in 1935 as against 13¾% in 1934. While on perusal of dividends declared by collieries working in Bengal, it would be found that whereas many of them have been working at a loss, several others have been unable to declare any dividend. Hardly any dividend paying colliery in Bengal has, however, been able to increase its dividend. The Committee are really at a loss to understand the justification for this subsidising C. P. Coal at the cost of Bengal coal trade. The Committee would suggest that the Railway Board would reconsider this question and reduce the scale of Railway freight on Bengal and Bihar coal by 10% with a view to remove the disparity existing between rates of freight on coal from the provinces of Bengal and C. P.

INTERVIEW WITH THE HON'BLE SIR JAMES PERCY GRIGG, FINANCE  
MEMBER TO THE GOVERNMENT OF INDIA.

*Note on the subjects for discussion with the Finance Member, when  
he met the Committee of the Chamber on the  
5th January 1937.*

SIR JAMES GRIGG,

On behalf of the Committee of the Indian Chamber of Commerce I sincerely welcome you here. There is perhaps a great difference of opinion between you and the Committee on questions relating to the economic advancement of the country, but that does not diminish in any way the warmth of our welcome to you.

India has resources which if properly utilised and set in motion are capable of making the country one of the most prosperous countries in the world. The position of this country may perhaps be comparable in several respects to the United States of America and there seems to be no reason why with activities carried on in the proper directions India can not be made much more prosperous than what it is. For reasons which would serve no useful purpose to discuss, India has lagged behind other countries. We propose, however, to concern ourselves not with the past but with the future in order that with as little loss of time as possible the economic conditions of the country may be improved.

It is only during recent years that India and her people have made any appreciable progress in the development of industries. This has been particularly due to the policy of protection, however halting, that has been adopted by the Government of India. Development of industries is the principal method by which the economic amelioration of the people can be brought about. The manufacture of cotton textiles, sugar, woollen goods, hosiery, iron and steel, paper, cement, matches and several other products has been responsible for saving to the country over 100 crores of rupees per year. It is also a matter of considerable satisfaction to note that along with large-scale industries, cottage industries and small-sized industries have also flourished. The examples of the handloom weaving industry, gur industry and hosiery may be particularly mentioned in this connection. It clearly follows that from whatever angle we view the question the policy of protection furnishes

the principal incentive towards the conversion of human labour into goods. Once the policy of protection is made weaker than it is, the economic development of the country at large will necessarily receive a great set-back.

It is with regret that we are constrained to refer to your views in support of a policy of free trade for India to which you have given expression in your public speeches from time to time. Coming as it does from you, this expression of your views has caused serious misgivings and apprehensions in the public mind and specially among the Indian commercial community. We do not certainly desire to doubt your honest belief in these doctrines but you will no doubt appreciate that the public expression of such views by a person in your high official position is likely to be misunderstood by the public as indicating a change in the accepted policy of the Government adopted by them as a result of public agitation ranging over a period of more than half a century, since it is difficult for the public to differentiate always between your personal views and your opinion as the Finance Member of the Government of India. We wish that the enthusiasm with which you emphasise the value of free trade could be diverted and utilised in the far more worthy cause of assisting the Indian people to achieve economic emancipation by making themselves self-sufficient and self-reliant. You must have noted that the overwhelming opinion in this country is in support of a policy of protection which is regarded as absolutely essential for achieving their material betterment.

One of the arguments that is often advanced in favour of free trade has been about the budgetary position of the Government of India. It is said that as a result of the protective duties the income of the Government from import revenue has greatly diminished. For example, we often come across cryptic messages in the papers emanating from New Delhi giving prominence to the great fall in the amount of import duty realised from Sugar and placing the blame for it on the protective duty levied on that commodity. The Committee are surprised at this argument for, surely protection is granted by the Government to a particular industry with the express intention of developing it within the country with a full knowledge of its implications. When protection was granted to the sugar industry it was a foregone conclusion that the imports of foreign

sugar would be greatly diminished if not altogether stopped, and with it the revenue of the Government derived from this source. It is, indeed, a matter of great pride and satisfaction rather than of annoyance that the policy of protection has achieved its object and the country has been saved a huge amount of annual drain on its sources. It is also rumoured that the Government of India might increase the amount of excise duty on sugar to compensate themselves partially for the loss of revenue from import duty. The Committee are strongly of opinion that such a step would be very detrimental to the sugar industry and would be contrary to the spirit underlying the Government's own policy in granting protection to it. If it is only additional revenue which Government want, there are various other sources which may be tapped. But it should not be forgotten that you have not had to face deficit budgets and there is no reason whatsoever to think of raising excise duty on sugar or to attack the policy of protection on that ground. Moreover, as compared to the numerous benefits that have been conferred on the country by the policy of protection, the loss of customs revenue to the Government, minus the gains through income-tax, super-tax, etc., dwindles into insignificance.

Alongside of protection what is needed is continuance of cheap money, and a plentiful supply of it. It is a matter of great satisfaction that India has been enjoying the advantages of cheap money for some time past. We would urge you to see that a low rate of interest is continued for a long time.

It is obviously necessary to pay more and more attention to the betterment of the economic condition of the people in the villages. We have always believed that for this purpose, subsidiary occupations should be found for the agriculturists. One of the fundamental necessities, therefore, is to encourage them in the pursuit of cottage industries. The Statutory Report of the Reserve Bank recently published has emphatically confirmed this view. The interest taken by His Excellency the Viceroy in this matter is noteworthy. You yourself have made grants from the Central Budget for rural uplift work, though according to our opinion, the money has not been so satisfactorily employed as it could have been. There seems to be no difference of opinion therefore that much more active steps than have been taken in the past are needed to help the people to engage themselves in more extensive production of goods,

though we may point out that it will be of little use to spend money unless it is done in an intensive manner with a view to develop particular areas or districts at a time. The work is so immense in proportion that if the development of all districts is taken in hand at the same time, the amount falling to the share of each district is so small that it can hardly be utilised for any constructive work of a permanent nature. Having regard to the present circumstances in the world, the best method by which people can be induced to take more interest in the production of goods is by helping the exchange thereof amongst the people through the medium of currency. It is our firm conviction that if by expanding currency, production and consumption can be increased on parallel lines, such expansion of currency will have no effect on the rate of exchange, a subject which we are precluded from discussing with you at this meeting. But we have ventured to mention it because we feel that if money is pumped into the villages and, as has already been stated, steps be taken to see that production and consumption are increased on parallel lines, the rate of exchange will not be disturbed. It may always be said that there may be difficulties in the way. But it is no use simply pointing out difficulties. The harder the task, the greater the efforts required. The economic condition of the people is at a very low level and naturally the people have become impatient for economic betterment. Unless active steps are now taken the only other alternative before the country might be that of a revolution of the less well-to-do classes which we have no doubt that you are agreed with us, will not be for the real benefit for anybody. But if such a revolution is to be avoided, the only method is to carry on a big drive for the development of industries within the country both large scale and small scale.

In this connection, we cannot afford to forget the necessity and utility of starting public works, principally in the rural areas. The present seems to be a very auspicious time for the purpose when money can be borrowed at a low rate of interest and there seems to be no reason why the present opportunity should be lost.

The Committee trust that you will be pleased to see that the Central Government puts forward its best endeavours in the above mentioned directions.

Another point which we would like to mention is the recent report that the Government of India do not propose at present to

acquire the management of M. & S. M. and the B. & N. W. Railways although the policy of State-management of Railways was adopted by the Government after a great deal of consideration and on the recommendation of the Acworth Committee. We trust that that policy will not be abandoned and that whenever the opportunity of taking over the management of the Railways by the State occurs it would be utilised.

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## CUSTOMS.

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### PURCHASE OF SUGARCANE IN RAMPUR TERRITORY.

Letters Nos 211—213, dated 15th February 1936.

From the Chamber to—

- (1) The Government of the United Provinces.
- (2) The Imperial Council of Agricultural Research.
- (3) The Government of India, Department of Education,  
Health and Lands.

*Re: Purchase of Sugarcane in Rampur Territory.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to invite your attention to the following extract from the Board of Revenue's letter No. 3645/XVIII-577 (C), dated, Lucknow, 17th December 1935.

"A license may be issued to a purchasing agent of a factory in British India who proposes to operate within the premises of a Railway Station situated within the territories of the Rampur State, only for the purchase of sugar cane delivered by the cultivators residing and cultivating in British territory. A license should not be issued to a purchasing agent for such a centre, in respect of deliveries of cane made by the tenants of the Rampur State. If a purchasing agent proposes to set up a purchasing centre within the premises of a Railway station situated within Rampur territory with the intention of dealing exclusively, or practically exclusively, in cane delivered by tenants of the Rampur State, the license should

be refused and the purchasing agent informed that he should set his purchasing centre outside Railway premises."

The effect of these orders is the prohibition of the export of cane from the Rampur State Territory to British India while the export of Sugar from Rampur State to British India takes place freely. It is also stated in these orders that for the purchase of cane from the Rampur territory, a purchasing agent would have to obtain a license from the State authorities. It is also reported that the State authorities do not grant such a license and the result is complete prohibition. In this connection, the Committee of the Chamber beg to invite your attention to the fact that last year the Rampur State authorities imposed an Export Duty of annas two on cane which was ultimately removed after great agitation by the sugar factories in British India. The recent orders issued by the Board of Revenue to the District Authorities to refuse license to purchasing agents and making it compulsory to obtain licenses from the Rampur State authorities, will operate very harshly on the neighbouring factories. While the factories situated in the Rampur State have no restrictions put on them so far as the marketing of their sugar in British India is concerned the free export of sugar cane from the Rampur State is being interfered with in one way or the other, thus putting the factories in British India to a double handicap. The Committee of the Chamber trust that you will be good enough to look into this matter immediately, and have this hardship on the sugar factories in British India removed as early as possible.

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*Copy of letter No. 3645/XVIII-577(C)-35 dated Lucknow, 13th March 1936, from Government of the United Provinces, Industries Department to the Chamber.*

I am directed to say that the orders referred to in your letter No. 00213, dated 15th February 1936, were issued as a result of the request made by the Rampur Durbur for steps which would enable them to protect the interests of their tenantry, by the exercise of effective control over the purchasing agents from outside the State, who took cane from their tenants. The Rampur State Sugar-cane Rules did not apply to these purchasing agents owing to their operating on railway land, which is subject to British Indian laws.



2. Your Committee has expressed the view that the effect of these orders is the prohibition of the export of cane from Rampur State territory to British India. I am to request you to mention such specific instances as may be known to your Committee, of cases in which the State authorities have refused to grant a purchasing licence on the application of a purchasing agent of a factory in British India. I am also to inquire in what way the instructions regarding the grant of licenses to purchasing agents for purchases at railway stations in Rampur State have been found in practice to operate adversely and which factories have been so affected in their day to day working. Full details may please be given.

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*Copy of letter No. F-91/36-A., dated the 18th March 1936, from the Government of India, Department of Education, Health and Lands, to the Chamber.*

*Sugarcane, Purchase, Rampur.*

I am directed to acknowledge the receipt of your letter No. 00211, dated the 15th February 1936 on the above subject and to say that the question raised therein concerns the Government of the United Provinces who may be addressed by you direct.

*Copy of letter No. D-860/36-A., dated 4th April 1936, From the Imperial Council of Agricultural Research, New Delhi, to the Chamber.*

*Purchase of sugarcane in Rampur territory.*

With reference to your letter No. 00212, dated the 15th February 1936, I am directed to say that the Government of India regret their inability to interfere in a matter of this kind which is one entirely for the Local Government of the United Provinces of Agra and Oudh.

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#### ADULTERATION OF DRUGS IN INDIA.

Letter No. 442, dated 1st April 1936.

: From the Chamber to the Government of India, Commerce  
Department.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta has been drawn to the necessity of enactment of

suitable legislation by the Government of India for control of spurious drugs. It is well-known that market in India is being flooded by unscrupulous traders with drugs and chemicals of defective strength and impure qualities in the absence of adequate provision for controlling the sale of such drugs. In this connection the Drugs Inquiry Committee, which submitted its report four years ago, collected an enormous mass of evidence and conclusively pointed out that business in adulterated and spurious drugs had grown to large proportions and was a menace to the health of the people. The Inquiry Committee also made the following important suggestions to the Government of India for checking the inroads of spurious drugs:—

1. There should be central legislation for the country as a whole.
2. The control in respect of drugs should be for those included in the British Pharmacopaea and other known and approved medicinal preparations, whether indigenous or not.
3. The legislation may consist of either a Combined Drugs and Pharmacy Act or a separate Drugs Act and a separate Pharmacy Act.

The Committee of the Chamber regret to note that inspite of repeated requests made by the traders and Commercial bodies, the Government of India have not taken any effective measures to give effect to these recommendations of the Drugs Inquiry Committee. The Committee are aware that certain sections of the Indian Penal Code regarding "fraud" and "misrepresentation" contain provisions bearing on prevention of adulteration, but they desire to point out that these provisions are hardly effective in actual practice owing to their vague nature and indirect application to adulterated drugs. The Committee understand that since the Drugs Inquiry Committee reported, the business in adulterated and spurious drugs is growing enormously with the result that manufacturers of genuine drugs are suffering heavy losses. The Committee have also to refer you in this connection to the resolution passed in the Council of State on the 18th September 1935, requesting the Government to carry out the recommendations of the Drugs Inquiry Committee and they trust that the Government will

not be dilatory in a matter primarily concerning the health and well-being of the people. The Resolution was as follows:—

“This Council recommends to the Governor-General-in-Council to initiate early measures to implement the conclusions of the Report of the Drugs Inquiry Committee.”

This resolution was opposed by the Hon'ble Mr. Ram Chandra on behalf of the Government of India on the grounds that mere enactment of legislation according to the recommendations of the Drugs Inquiry Committee would be a dead letter and that enforcement of the proposed legislation would involve extra expenditure, which the Provincial as well as the Central Governments were averse to undertake, due to financial exigencies. The Committee of the Chamber desire to point out that since then, the financial position of the Central as well as some of the Provincial Governments has improved, and considering that supply of pure drugs is a question vitally affecting public health, the Committee would request the Government of India not to go on postponing the question from year to year but to undertake immediate action in the matter. The Committee feel that once a beginning is made in the direction by the Central Government, co-operation and support of Provincial Governments would be forthcoming. The Committee would further suggest that the Government of India should establish laboratories at Bombay and Calcutta with a view to prepare and maintain standards of purity, strength and quality of principal drugs.

The Committee do not consider it necessary to point out at length the vital importance and desirability of having a supply of pure drugs and chemicals in the country for maintaining and safeguarding public health. It will be realized how undesirable and risky it is for the people, who use drugs for curing some disease or as general tonic, to find that such drugs are having no effect, and sometimes have even harmful effects owing to their impure and defective composition. The Committee also feel that business in these deleterious goods is a menace to the proper development of the chemicals and drugs industry of India.

The Committee therefore urge upon the Government of India the immediate necessity of introducing suitable legislation for the

control of drugs in this country, in accordance with the recommendations made by the Drugs Inquiry Committee. The Committee of the Chamber would also request you to advise them of the steps which the Government of India propose to take in the matter in order to protect the public from this menace and to help the growth of the Drugs Industry in India.

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Letter No. 788, dated 26th June 1936.

From the Chamber to the Government of India, Commerce Department.

I beg to remind you of my letter No. 443 dated 1st April 1936 in regard to the necessity of enactment of suitable legislation by the Government of India for control of spurious drugs and request you to let me have a reply at an early date.

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*Copy of letter No. D-1925-H dated 7th August 1936, from the Government of India, Department of Education, Health and Lands, to the Chamber.*

*Legislation—Control of drugs.*

With reference to your letter No. 00788 dated the 26th June 1936, to the Commerce Department, I am directed to say that the recommendations made by the Drugs Enquiry Committee are still under consideration.

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REMOVAL OF INTER-PROVINCIAL BARRIERS OF EXCISE ON DRUGS  
AND PHARMACEUTICAL PRODUCTS.

Letter No. 499, dated 18th April 1936.

From the Chamber to the Government of India,  
Commerce Department.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been invited to the various difficulties experienced by the manufacturers and traders of Indian drugs and Pharmaceutical Products in the various Provinces of the country on

account of the Inter-Provincial barriers that hamper the development of Drugs and Chemicals Industry of India. In this connection the Drugs Enquiry Committee, which reported four years ago, had specifically referred to the inter-provincial barriers to this business, arising chiefly from differences that exist in the excise regulations between one Province and another. The Committee are informed that the traders are required to procure Export and Import permits for importing spirituous medicinal and toilet preparations from other Provinces, and in many provinces such a vexatious and impracticable procedure is laid down that it results in a great handicap to the development of the pharmaceutical and drug industry of India. It is also understood that while such imports from foreign countries, like Germany and Japan, are allowed freely and without restriction throughout India, the Punjab Government have made rules prohibiting import of these articles from other provinces and the Indian States, and the Bengal Government have imposed impracticable conditions for the import of these articles, resulting in almost total prohibition of their import from the other Provinces of India.

The root cause of all the trouble, appears to the Committee to be that the Excise Departments do not make any distinction between potable drinks and spirituous medicinal and toilet preparations. It should be noted that while the trade in potable spirits is the monopoly of the Government, as only licensed vendors are allowed to sell it, the trade in medicinal preparations is a free and private trade. In case of potable drinks, a person can afford to wait in case of delay, while a patient cannot afford to wait for his medicinal requirements as delay in this case would be dangerous. Besides the Committee are informed that the Excise Departments have little experience in the handling of India-made spirituous, medicinal and toilet preparations, the industry being of recent growth in India, and they are sometimes driven to absurdities. The Committee fail to see any justification in such a step-motherly treatment accorded by the various provinces to India-made drugs, when, in the case of foreign drugs, once the import duty is paid, at the port of the entry, they are allowed free transmission throughout the country.

After considering the various aspects of the question and the handicaps in the way of the indigenous drugs industry, the Committee desire to make the following suggestions to the Government

of India for their consideration in order to solve this problem and help the growth of the drug industry in India :—

- (1) The excise duty on spirit and spirituous preparations must be uniform in all Provinces and all other excise regulations governing traffic in them must also be uniform.
- (2) The Provincial Governments must trust one another and enter into mutual agreements for the recovery of duty in the Provinces of export, the amounts being adjusted in the interprovincial accounts.
- (3) The Excise authorities of one Province should accept the certificate of excise duty levied by the Excise authorities of another Province, and there should be no further inspection of consignments thereafter.
- (4) The Provincial Governments must also enter into agreements with Indian States of a kind similar to those among themselves.
- (5) The Provincial and State Governments must hold a representative Conference to discuss and evolve uniform rules to hold good throughout India.
- (6) The Provincial and State Governments should always take the trade and Chambers of Commerce, both Indian and European, into their confidence and frame rules in consultation with them, and after due consideration of their difficulties and needs.

The Committee understand that periodically a Conference of the representatives of Local Self-Governmental Departments and Industries Ministers of the various Provinces is held at Delhi. The Committee feel that if at such a Conference the subject of introducing uniform Excise Regulations is included in the Agenda for discussion, the question can be solved without unnecessary delay.

The Committee will be glad if the Government of India will be good enough to look into the matter at an early date and will move the Provincial Governments in the matter with a view to

remove the inter-provincial barriers that hamper the development of the drug industry of India. The Committee would also request you to let them know the steps which the Government of India desire to take in the matter.

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*Copy of letter No. D. A. Dis. No. 188-E-O/36, dated 22nd June 1936, from the Government of India, Finance Department (Central Revenues) to the Chamber.*

*Excise Rules and Regulations—Provinces and Indian States—Uniformity in—Indigenous drug industry—Difficulties experienced by.*

With reference to your letter No. 00499, dated the 18th April 1936 addressed to the Commerce Department I am directed to say that the matters to which it relates are all matters that are constitutionally within the control of Local Governments with whose discretion the Government of India have no authority to interfere. The Government of India, therefore, could not see their way to convene a conference to discuss these matters unless invited to do so by the Local Governments themselves. I am accordingly directed to suggest that your Chamber should make its representations direct to the Local Governments concerned.

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#### INDO-JAPANESE TRADE CONVENTION.

##### **Confidential**

*Copy of letter No. 1047-54-Com., dated 15th February 1936, from the Government of Bengal, Commerce Department to the Chamber.*

*Convention and Protocol regarding commercial relations between India and Japan.*

I am directed to say that the Convention and Protocol regarding commercial relations between India and Japan which were signed on the 12th July 1934, will, subject to due notice of denunciation, cease to be effective after the 31st March 1937. The Government of India have now under consideration the desirability of renewing the Convention and Protocol either as they

stand or in a modified form, or of negotiating an entirely new agreement. I am to request you that any advice your Chamber may desire to offer in the light of experience of the existing Agreement, as to the lines on which modification or amendment appears to be desirable may be submitted to this Government by the 15th March 1936, at the latest.

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Letter No. 422, dated 27th March 1936.

From the Chamber to the Government of Bengal,  
Commerce Department.

I beg to acknowledge receipt of your letter No. 1047-54-Com., dated the 15th February 1936, asking for the advice of the Chamber as to the lines on which modification or amendment appears to be desirable in respect of the Convention and Protocol regarding commercial relations between India and Japan when the present Convention and Protocol ceases to be effective in March 1937. The Committee of the Chamber have given their careful consideration to the question and I am directed to inform you that they feel that when renewing the Protocol and Convention between India and Japan, the Government of India should consider the question of adoption of suitable measures whereby any quota of import of piece-goods from Japan may not be evaded by imports of fents into this country as is being done at present. There has been a very large import of fents since the conclusion of the Convention and this is having a very undesirable effect on the piece-goods trade of Indian mills who are also hit by the severe competition of low priced Japanese piece-goods. The Committee also feel that some method should be devised whereby imports of artificial silk from Japan would also be checked as they compete very much with Indian mill products. They feel that the duty on artificial silk should be raised, and the imports of fents should be included within the quota allotted to Japan. In making this recommendation the Committee are not unaware of the steps which the Government of India have recently taken in connection with the import duty on fents.

The Government of India should also consider the position of various small industries which have been affected adversely by the import of cheap goods from Japan and should consider the



question of imposition of higher specific duties for these goods in the interest of the development of small industries in the country. In order that the question may receive a very careful consideration, the Committee would suggest that a Committee of Officials and Non-officials should be appointed for investigating into the effects of the present Indo-Japanese Trade Convention on the various industries in the country with special reference to the increased imports of fents and artificial silk and other goods which are competing with the products of the small industrial units in the country in order that the necessary material might be collected in proper time for use when fresh negotiations take place between the representatives of the two countries.

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NOMINATION OF UNOFFICIAL ADVISERS TO THE GOVERNMENT OF  
INDIA DURING THE NEGOTIATION OF THE INDO-  
JAPANESE TRADE CONVENTION.

Letter No. F.-818 dated 24th June 1936.

From the Federation, to all Member-bodies.

*Indo-Japanese Trade Negotiations.*

I am directed to enclose a copy of a confidential letter No. 312-T (1) dated Simla, 21st June 1936, received from the Government of India in the Department of Commerce requesting the Federation to nominate three of its members to serve as un-official advisers to Government during the course of the Indo-Japanese Trade negotiations. The communication states that the negotiations between the Government of India and the Government of Japan will commence shortly after the middle of July 1936, and that the Government of India would like to have a preliminary discussion of the problems likely to arise in the course of the negotiations before such negotiations commence and for that purpose, they want the un-official advisers to assemble in Simla on 6th July 1936. The time within which the selection of the representatives must be made is scarcely a week as the names will have to be communicated to Government by the 1st of July next to enable the Government to forward the papers as also to enable the representatives to proceed to Simla in time. The President would have been very glad if the double procedure could be adopted but it is not possible in view of the shortness of the notice.

He has, therefore, consulted the Members of the Committee available in Calcutta who are guided by the Committee's views previously expressed and by the desirability of continuity.

It may be recalled that when the Government of India approached the Federation in September 1933, for negotiating the present Indo-Japanese Trade Treaty, the Committee of the Federation felt that their President should be one of the non-official advisers and be associated with the trade treaty negotiations and, at their meeting held on 11th September 1933, adopted a resolution that—

“it was the strong desire of the Committee that the President, Mr. N. R. Sarker, should be one of the three unofficial advisers to the Government of India's delegation in the forthcoming Indo-Japanese trade negotiations”,

and accordingly the Member-bodies were apprised of this decision.

The non-official delegates who represented the Federation during those negotiations were Mr. N. R. Sarker, Lala Shri Ram and Mr. D. P. Khaitan. Mr. N. R. Sarker does not find it convenient to be on the delegation as he may be out of India before that time. The President, therefore, suggests, in consultation with the Calcutta Members of the Committee, the substitution of Sir Rahimtoola M. Chinoy in his place. The following persons may thus constitute the non-official advisers to represent the Federation at the forthcoming negotiations:—

1. Mr. D. P. Khaitan (President of the Federation).
2. Lala Shri Ram, Delhi.
3. Sir Rahimtoola M. Chinoy, Kt. (President, Indian Merchants' Chamber, Bombay).

As explained above, it is not possible for the office to follow the double procedure and in view of this, the President trusts that his suggestions would meet with the approval of the Member-bodies of the Federation and as such, they should communicate their approval to this office not later than Wednesday the 1st July 1936, by telegram.

*Copy of confidential letter No. 312-T(1)36 dated Simla, the 21st June 1936, from the Government of India, Department of Commerce, to the Federation.*

"I am directed to communicate for the information of your Federation that it is expected that discussions between representatives of the Government of India and of the Government of Japan in regard to the continuation or modification of the existing trade agreements between the two countries will commence shortly after the middle of July and to say that the Government of India would be glad if your Federation would nominate three of its members to serve as unofficial advisers to Government during the course of the negotiations. I am to suggest that in making its nominations your Federation should bear in mind the interests of the minor Indian industries.

2. I am further to say that the Government of India would be glad to have a preliminary discussion of the problems likely to arise in the course of the negotiations before such negotiations commence and I am to suggest that the unofficial advisers to Government should assemble in Simla on Monday, the 6th July. On receipt of information as to the names of the advisers nominated by your Federation further details as to the time and place of meeting will be forwarded directly to the nominees."

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Letter No. 797, dated 29th June 1936.

From the Chamber to the Federation of Indian Chambers of Commerce and Industry.

I am directed to acknowledge receipt of your letter No. F-818 dated 24th June 1936 in connection with the Indo-Japanese Trade Negotiations and to say that the Committee of the Chamber approve of the suggestions of the President of the Federation to nominate the following persons as the representatives of the Federation to serve as unofficial advisers to the Government of India during the course of the Negotiations:—

1. Mr. D. P. Khaitan (President of the Federation).
2. Lala Shri Ram (Delhi).
3. Sir Rahimtoola M. Chinoy, Kt., (President, Indian Merchants' Chamber, Bombay.)

WORKING OF THE OTTAWA AGREEMENT.

(*Vide Last Year's Report, page 24.*)

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PROPOSED STOP-GAP ARRANGEMENT BETWEEN THE GOVERNMENTS OF INDIA AND OF THE U. K. FOR THE PERIOD BETWEEN THE TERMINATION OF THE OTTAWA AGREEMENT AND THE CONCLUSION OF A NEW AGREEMENT.

Letter No. 744, dated 16th June 1936.

From the Chamber to the Government of India,  
Commerce Department.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn to a Press Report which recently appeared in the press indicating the possibility of a stop-gap arrangement being made between the Government of India and the Government of the United Kingdom to cover the period between the termination of the Ottawa Agreement and the execution of a fresh Trade Treaty. Press reports also state some of the details of the preliminary programme in this connection and it is mentioned that the Commerce Secretary, when he proceeds on leave to England, will discuss the matter with the Board of Trade. It is evident from these reports that although the Government of India are maintaining complete reticence over the whole subject of the Indo-British Trade Agreement, communications appear to be going on between the Government in England and the Government of India in regard to renewal of the Trade Treaty. The Committee would earnestly request the Government of India to take the Indian mercantile bodies fully into confidence during the whole process of revision. The Committee would like to know, for example, the exact stage reached by the negotiations at present as well as the programme proposed to be followed by the Government in regard to the renewal of the Agreement. The Committee cannot help emphasising in this connection that one of the main reasons for the unsatisfactory character of the Ottawa Agreement was the refusal of the Government to consult representative Indian commercial opinion. The Indo-British Trade Agreement and the Ottawa Pact have been rejected by the Legislative Assembly and it is evident that in both cases,

Indian commercial opinion was not consulted and representatives of Indian commerce and industry were not invited to participate. There is no doubt that the exclusion of Indian commercial opinion has weighed with non-official opinion in the Central Legislature and outside and the Committee therefore, trust that Government will not repeat their previous mistake by ignoring Indian commercial opinion but will consult it at every stage during the process of execution of a new Trade Agreement with the United Kingdom on a basis of complete reciprocity.

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#### NEGOTIATIONS FOR THE CONCLUSION OF AN INDO-BRITISH [TRADE AGREEMENT.

*Copy of confidential letter No. 20-T(6)-36, dated 22nd July 1936, from the Government of India, Department of Commerce, to the Chamber.*

I am directed to state for the information of the Committee of your Chamber that His Majesty's Government in the United Kingdom have announced their willingness to enter upon discussions with the Government of India with a view to the conclusion of a trade agreement in replacement of that concluded at Ottawa in 1932, notice of denunciation of which was given on behalf of the Government of India on 13th May last.

2. The Government of India have had under consideration the method by which negotiations with His Majesty's Government can most conveniently be carried on and they are of opinion that, as a first step, preliminary proposals should be prepared by both parties to the discussions and thereafter should be exchanged. In the preparation of their preliminary proposals the Government of India will associate with themselves a panel of unofficial advisers representative of commerce, industry and agriculture in India. It is hoped that it will be possible to announce the names of the unofficial advisers in the near future.

3. When each party—in the case of India, the Government of India in consultation with their unofficial advisers—had had an opportunity of examining the proposals of the other in relation to its own, a stage will be reached when it will be possible to formulate with some precision the outstanding issues. It is then proposed that

personal contacts should be established in London between representatives of the Government of India and their un-official advisers, on the one hand, and the representatives of His Majesty's Government, on the other, and that the final stages of the discussion be there concluded.

4. In order that the Government of India may be in a position to formulate their preliminary proposals, I am directed to invite the views of the Committee of your Chamber as to the lines on which it is considered desirable to conclude an agreement, regard being had both to the advantages which should be sought for India and the reciprocal concessions which may be given in return. It is suggested, as a matter of convenience with a view to the simplification of the work of Co-ordination of the various opinions expressed, that the existing Agreement be taken as a starting point and the views of the Committee of your Chamber be expressed in the form of modifications thereof.

5. The Government of India are informed that His Majesty's Government will probably be in a position to put forward their preliminary proposals towards the end of August or the beginning of September, and I am to say that the Government of India would be grateful if the views of the Committee of your Chamber were submitted not later than the 20th August in order to permit of simultaneous exchange of the preliminary proposals.

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Letter No. 983, dated 4th August, 1936.

From the Chamber to the Government of India,  
Department of Commerce.

I am directed to acknowledge receipt of your confidential letter No. 20-T(6)/36 dated 22nd July 1936 on the subject of the conclusion of a Trade Agreement between the Governments of India and the United Kingdom in replacement of the one concluded at Ottawa in 1932, inviting the views of the Chamber as to the lines on which it is considered desirable to conclude the new agreement. The matter is receiving the attention of the Committee and I shall forward to you the views of the Chamber in this matter in due course.

The Committee have noted the procedure which the Government of India have outlined and which they wish to follow in connection with the conclusion of the agreement. The Committee are glad to find that in the preparation of the preliminary proposals as well as in the later stages of the negotiations, the Government of India will associate with themselves a panel of un-official advisers, representing commerce, industry and agriculture in India. While the Committee appreciate the desire of the Government of India to keep themselves in touch with and to consult un-official advisers in this matter, they find that nothing is mentioned in your communication as regards the manner in which the un-official advisers would be appointed, though you have mentioned that the names of the unofficial advisers would be announced in the near future. The Committee trust that the procedure followed in the appointment of these un-official advisers would be the same as the one followed in the case of the appointment of un-official advisers in connection with the negotiations for a Trade Agreement with Japan which are now in progress. The Committee of the Chamber strongly urge upon the Government of India to get the advisers elected by representative commercial organisations.

With regard to the venue of the negotiations the Committee desire to suggest that the negotiations should be carried on in India and not in London as mentioned in your communication under reference. The Committee desire to point out that during the negotiations for a trade treaty, it is obviously desirable for both parties that the delegates and advisers should be in constant touch with the various commercial, industrial and agricultural interests which would be affected by the treaty. The manufacturing interests in the United Kingdom being particularly well-organised it would not be difficult for the United Kingdom delegation to keep in day to day touch with these interests even if the final negotiations take place in India. On the other hand Indian delegates will find it considerably difficult to remain in constant touch with the various interests in this country if the negotiations are held in London. In this connection the Committee would like to mention that the negotiations which have been carried out in foreign countries in the past have always been viewed with suspicion by public opinion in India and in the interests of the successful conclusion of the present negotiations therefore, the Committee are strongly of opinion

that they should take place in India and not in England. One other important consideration which has led the Committee to make the suggestion is the fact that in next winter elections to the various Provincial Legislatures under the new constitution will be held and it may be very inconvenient for some of the un-official advisers to be absent from the country at that particular time. The Committee hope that the Government of India would give their careful consideration to the above points and arrange for the final negotiations to be held in India instead of in England.

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Letter No. 1106, dated 18th August 1936.

From the Chamber to the Government of India,  
Commerce Department.

With reference to your confidential letter No. 20-T(6)/36 dated 22nd July 1936, inviting the views of the Committee of this Chamber as to the lines on which it is considered desirable to conclude an Agreement between the Government of India and His Majesty's Government in the United Kingdom in replacement of that concluded at Ottawa in 1932, I am directed to state below the views of the Committee.

At the outset, the Committee would like to refer to the suggestion contained in your above communication that in submitting their views, the Committee should take the existing agreement as the basis and that the views which the Committee wish to express should be in the form of modifications thereof. In this connection, the Committee desire to point out that if full advantage is to be taken of the opportunity now offered for negotiating a Trade Agreement with the United Kingdom, it is absolutely necessary that instead of restricting the conduct of the negotiations within the framework of the Ottawa Agreement, all aspects of the foreign trade of India and their repercussions on the national economy should be taken into account. The Committee are in fact surprised to find that though in accordance with the unanimous opinion of the Country, the Assembly had at its last session at Delhi given a verdict of total rejection of the Ottawa Agreement, the Government still desire to take it as the basis of a fresh agreement. As



a matter of fact, when entering into the Ottawa Agreement, the Government of India had ignored the trade relations of India with other foreign countries, and readily agreed to a policy of Imperial Preference which was condemned by the entire Indian commercial community. The result was that while India did not gain any material advantage in the United Kingdom, it lost a good deal of ground in non-Empire markets. The Committee would, therefore, urge that while concluding the new agreement the Government of India should not repeat the same mistake, but should examine all the aspects of the foreign trade of India and take full advantage of the opportunity now offered. The Legislative Assembly in its Resolution on the Ottawa Agreement had definitely expressed the country's desire that while terminating the Ottawa Agreement, it wanted the Governor-General-in-Council to examine in detail the trend of the foreign trade of India with her various important customers including the United Kingdom and to investigate fully the possibility and implications of entering into bi-lateral trade agreements with them. It is, therefore, desirable that the new Agreement between the United Kingdom and India should be concluded in a manner so as not to jeopardise the interests of India's trade with the various non-Empire countries and so as not to weaken India's bargaining power *vis-a-vis* other countries.

Another important point which must be borne in mind in negotiating trade treaties is that any concession given to a party should not stand in the way of a fuller development of India's indigenous industries. It is well-known that India is mainly an exporter of "raw materials and produce and articles mainly unmanufactured", and about 70% of her export trade falls under this head. Similarly, as regards her imports about the same percentage of the total represents "articles wholly or mainly manufactured". While this peculiar position of India as an importer of manufactured goods and an exporter of raw materials and agricultural products has to be taken into consideration in any scheme of bi-lateral trade agreements, it should also be kept in view that any reciprocal tariff concessions should be such as would not hamper the progress of industrialisation of the country and negative the policy of protection which the Government of India have been pursuing since 1923.

With these preliminary remarks, the Committee would now refer to certain fundamental aspects of the foreign trade of India

and particularly her economic relations with the United Kingdom. During the last century and a half of political relationship between India and England, the latter has created large capital interests in her favour in India. Apart from the large sums of money which the United Kingdom has invested in India she has also got large interests in trade, services and professions. The United Kingdom has on these various accounts to draw annually from India what may be called "dividends". The method by which such international debts may be paid is either by rendition of services or by delivery of goods. Hence, in the interests of the United Kingdom herself, it must be remembered that India should be able to export goods of a value in excess of her imports, the difference between the two representing the amount that the United Kingdom has to draw by way of dividends. The following table gives the figures of the total import and export trade of India as also the balance of trade.

*Import and Export of Merchandise and Precious Metals.*

(Figures in crores of Rs.)

	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
<b>Exports ...</b>	+ 155·8	+ 132·2	+ 146·3	+ 151·2	+ 160·4
<b>Re-Exports ...</b>	+ 4·6	+ 3·2	+ 3·4	+ 3·5	+ 3·7
<b>Imports ...</b>	- 126·3	- 132·5	- 115·3	- 132·2	- 134·3
<b>Balance of trade in merchandise ...</b>	+ 34·1	+ 2·9	+ 34·3	+ 22·4	+ 29·8
<b>Import or Export of Precious metals ...</b>	+ 55·31	+ 64·77	+ 57·04	+ 52·16	+ 36·08
<b>Not Balance of Trade</b>	+ 89·41	+ 67·67	+ 91·34	+ 74·56	+ 65·88

From the above figures relating to the export and import trade of India during the last five years (including figures of the export and import of precious metals since 1931-32) it will be found that on an average during the period of five years ended 1935-36 the visible balance of trade in favour of India has been about Rs. 78 crores per annum.. This visible balance of trade in favour of India was utilised to meet her obligations in connection with the various invisible imports into this country from the United Kingdom as

pointed out above. In other words it may be said that the United Kingdom needs an amount of about Rs. 78 crores per year from India, and the former, in her own interests has to see that India has a favourable balance of trade in merchandise to that extent unless the United Kingdom can dispense with the remittance of her dues. While considering the possibility of a trade agreement with the United Kingdom, this fact cannot and should not be ignored.

The Committee have further to point out that formerly the export trade of India with countries other than the United Kingdom was in a strong position and these countries used to import more from India than what they exported. The favourable balance thus created was utilised by the United Kingdom to draw her 'dividends'. But these channels of foreign trade are now drying up. The following table illustrates how India has lost her position in the markets of the various non-Empire countries :—

*Balance of Trade of India with Non-Empire Countries.*

(In crores of Rs.)

Countries.	1928-29.	1929-30.	1934-35.	1935-36.
Germany ... ..	+ 16·5	+ 10·8	- 3·1	- 3·7
Netherlands ... ..	+ 3·9	+ 4·9	+ 1·2	+ 1·5
Belgium ... ..	+ 6·2	+ 5·4	+ 2·0	+ 2·9
France ... ..	+ 13·0	+ 12·2	+ 3·8	+ 5·4
Italy ... ..	+ 7·8	+ 4·6	+ 2·7	+ 1·2
Japan ... ..	+ 16·7	+ 8·7	+ 3·3	+ 0·1
U. S. A. ... ..	+ 21·2	+ 18·6	+ 4·5	+ 7·2
Other Non-Empire Countries ... ..	+ 20·8	+ 26·2	+ 5·1	+ 7·5
Total Balance of trade with Non-Empire countries ... ..	+ 106·1	+ 92·3	+ 19·5	+ 22·1

This diminishing favourable trade balance was, however, offset during the last five years by a new factor in India's export trade, *viz.*, the export of gold in substantial quantities. Ever since

September 1931 when the rupee was devalued as a result of the devaluation of the £ sterling and the rate of gold consequently went up, gold has been exported out of the country in large quantities, and inspite of repeated representations of the commercial community in particular and the public in general, the Government have not taken any steps to check this drain and utilise the gold for purposes of rural uplift and industrial development on a large scale within the country. This obvious action was, however, not taken by the Government, because it was only this export of gold from India during the last five years which made up for the deficiency in her normal favourable trade balance and facilitated the payment of "Dividends" to the United Kingdom. But obviously the export of this precious metal in such large quantities cannot be relied upon for any length of time. In fact, the export of gold is already showing a tendency to diminish year by year. In 1932-33, the total exports of gold were of the value of Rs. 65·5 crores. They came down to Rs. 57 crores in 1933-34, to Rs. 52·5 crores in 1934-35 and to Rs. 37·3 crores in 1935-36.

In view of the above circumstances, the only alternative that is left open is that the United Kingdom should make available to India a favourable trade balance to the extent of about Rs. 78 crores. It follows that there is no question of India offering any preference to the United Kingdom, but on the other hand, it is for the latter, as India's creditor, to come forward to offer adequate preferences in order to stimulate India's export trade. It may also be pointed out in this connection that as the imports of the United Kingdom articles into India are manufactured goods, the United Kingdom's desire to export more to India stands in the way of the development of indigenous industries.

Taking India's export trade with the United Kingdom, it may be noted that the chief articles of export are Oil Seeds, Linseed and Ground-nuts, Tea, Tanned Hides and Skins, Jute Manufactures, Coffee, Tobacco, Raw Cotton and Pig Iron. In the group of oil seeds, the chief articles are Linseed and Ground-nuts. The export of Linseed has gone down from 176,000 tons in 1933-34 to 104,000 tons in 1934-35 and 76,000 tons in 1935-36. Indian Linseed is experiencing effective competition in the United Kingdom market from Argentine Linseed and the larger exports in the first two years were due to failure of crop in Argentine. It is therefore suggested

that either preference in this respect should be made effective or the imports into the United Kingdom should be fixed on a quota basis.

*Ground-Nuts.*—In the case of ground-nuts it appears that while no substantial advantage has accrued to India in the United Kingdom market, the export trade of India with her chief foreign customers, *viz.*, France, Germany, Netherlands and Italy in this commodity has been decreasing. All these countries used to import Indian ground-nuts on a large scale upto the year 1931-32. In order to offset this decreasing trade in ground-nuts with other countries, it should be so arranged that there may be much larger export of that commodity to the United Kingdom. It is said that ground-nut experiences competition from Soya Beans and Cotton seed in the United Kingdom market and therefore an expansion in the market for ground-nut may be secured by means of adequate import duty on these two articles imposed by the United Kingdom.

*Ground-nut Oil.*—It may be pointed out that during the period 1931-32 to 1933-34 the United Kingdom imported large quantities of ground-nut oil from India. But during the last two years, imports have very much dwindled. The Government of India should investigate as to the cause of this fall in the export of ground-nut oil to the United Kingdom, particularly because the price parity is not against Indian product.

*Coffee.*—Though there has been some improvement in the export of coffee-seed during the year 1935-36, it has been admitted even by the Government that the preference given to Indian coffee is not sufficient to oust Coffee coming from Costa Rica which is a non-Empire country, from the United Kingdom market. The Government may therefore ascertain from the coffee interests the extent of preference which is needed by them in the United Kingdom market.

*Tobacco.*—The consumption of unmanufactured tobacco in the United Kingdom is increasing day by day. But it is found that India's share has been declining. The chief sources of supply of Tobacco to the United Kingdom are Southern Rhodesia, Nuyasaland and United States of America, the last named supplying nearly 75% of her requirements. The Government of India should therefore try to secure a more effective preference for Indian

Tobacco in the United Kingdom market in view of India's potentiality in producing Tobacco crop.

*Raw Cotton.*—There has been no doubt an improvement in the export of raw cotton to the United Kingdom. As against an export of 61,000 tons and 62,000 tons in 1933-34 and 1934-35 respectively, the export of raw cotton to the United Kingdom in 1935-36 was 81,000 tons but this cannot be considered to be sufficient. The Indian Delegation had put forward a proposal at Ottawa that the question of a definite preference in the import duty for Indian cotton in the United Kingdom market should again be renewed by the Government of India. The Committee feel that levying of an import duty on non-Empire cotton would alone give an impetus to the export of Indian cotton to the United Kingdom Market. In this connection, the question of fixing a definite quota of the export of raw cotton to the United Kingdom on the same basis as Japan should be emphatically pressed.

*Tanned Hides and Skins.*—The three chief suppliers of these articles to the United Kingdom are the United States of America, U. S. S. R., and Canada. India has not, however, been getting her due share in the supply of this commodity to the United Kingdom even though the other suppliers such as New Zealand, Australia, and the Union of South Africa have been improving their position in this respect. The question of India securing an appreciable portion of the market in these articles should be thoroughly gone into by the Government of India.

In connection with the export trade of India, the Committee would like to invite the attention of the Government to another important factor. The Government are aware that as a result of the protection granted by them to the Sugar Industry, the latter has developed a great deal during the last four years. Indeed, the total estimated production of sugar in India including Khandsari Sugar for the current season has reached a figure (*viz.*, about a million tons) which is equal to the estimated annual consumption of that commodity in the country. With some new factories coming into existence during the current year and many extensions made in the old ones to bring them to the level of an economic unit, it is certain that the production of sugar in India will henceforth be more than her annual consumption and it will thus be necessary

for India to find out suitable markets for the export of this commodity. In this connection, it should be pointed out that the total annual consumption of white Sugar in the United Kingdom is about 2 million tons out of which she produces in her own country only about 400,000 tons both from beet and refined from raw Sugar imported from outside. The following table gives the total import of sugar both manufactured and raw into the United Kingdom for the years from 1930 to 1933.

Year.	Imports in Tons.		Total.
	Empire sources.	Non-empire sources.	
1930	543,354	1,372,811	1,916,165
1931	600,388	1,231,841	1,832,229
1932	700,413	1,678,138	2,378,551
1933	778,930	1,260,429	2,039,359

There is thus a large potential market for sugar in the United Kingdom and it is but proper that the Government of India should insist on Indian Sugar being given adequate preference in the United Kingdom market over the non-Empire countries.

Coming to the import trade of India it will be found that under the Ottawa Agreement the United Kingdom has been given preferential treatment in the Indian market for a larger number of articles, many of which are important and manufactured articles and in which some continental countries who have been among the chief foreign customers of India's products are interested as exporters. The preference at present given to the United Kingdom is to the exclusion of all these articles, i.e., India has no power to offer the same preferences to the latter with the result that as pointed out above, India's trade with the non-Empire countries has dwindled. They have begun to take much less from India than what they used to do and are gradually purchasing their raw materials and agricultural produce from other countries who give

them a similar advantage in the import of manufactured articles. In this connection the Committee desire to state that though as pointed out above under the existing Agreement India is not allowed to negotiate bi-lateral trade agreements with non-Empire countries, similar restriction is not imposed on the U. K. This is obviously unfair to India. It is therefore necessary that any agreement entered into between the U. K. and India must be binding equally on both the parties. An exclusive preference to the United Kingdom in the Indian market, can only be possible if she is able to give a similar exclusive preference to India in her own and to ensure the necessary favourable balance of trade in merchandise to India. A glance at the figures of India's export trade will, however, show that the major portion of her trade is with countries other than the United Kingdom. It is thus obvious that it cannot be in the interests of either India or the U. K. to ignore India's trade relations with other countries and grant any exclusive preference to the United Kingdom. She must be prepared to give a reasonable share of her imports to other countries in order to enable them to pay for the export from her. As a matter of fact if India's foreign trade is to be put on a sound basis, it is high time that she should now enter into bilateral trade agreements with the various foreign customers and for this it is essential that she must have the requisite bargaining power to negotiate such reciprocal trade treaties. The Committee therefore wish to make it perfectly clear that even if any preferences are forced upon India under the fresh trade treaty (though in view of the arguments given above they do not see how any preferences can be given by India to the United Kingdom) India should be entitled to offer similar preferences to her other important foreign customers in negotiating trade treaties with them.

Under the existing agreement, the U. K. enjoys 10% preference on almost all important articles of import into India. This direct preference to Great Britain in addition to the advantages and other indirect concessions and considerations which she enjoys on account of her political relationship with India, have already resulted in a greatly diminished trade of India with many of the continental and other non-Empire countries with of course the solitary exception of Japan. The non-Empire countries having been placed at a disadvantage in the Indian market have in their turn decreased their off-take of raw materials and agricultural produce from India. But



apart from the loss suffered by India, the chief point to be considered in connection with the conclusion of trade agreements is the question of her own industrial development. While negotiating any scheme of trade agreements it should be the prime concern of the Government of India to see that the interests of India are adequately safeguarded as against cheap foreign imports. Judging from previous examples, however, the Committee are constrained to remark that the Government of India have not shown due consideration to India's industrial development, especially, in connection with questions affecting the U. K. Taking the example of India's two major industries, *viz.*, the Cotton textile and Iron & Steel manufacture it will be found that they have suffered a good deal owing to the preferences granted to the United Kingdom under the existing agreements in respect of cotton textile piece-goods, yarn, artificial silk and iron and steel manufactures, etc. These preferences should now form the subject of careful consideration and the Government of India should try to remove the handicap placed on account of these preferences in respect of Indian industries. In this connection, the Committee, however, note with regret the recent decision of the Government of India in reducing the import protective duty on cotton textile by 5%. The haste with which the Government of India gave effect to the recommendations of the Special Tariff Board in this connection itself shows that the Government of India are guided in those matters more by the opinion from Whitehall rather than by the consideration of the development of India's industries and of the welfare of the people of India, which is linked up with such development. After the verdict given by the Assembly on the Ottawa Agreement, it was proper that the Government should have taken the opinion of the Central Legislature before giving effect, by executive action, to the recommendations of the Special Tariff Board. Indeed, even if the Government of India had decided upon reducing the protective duty on cotton textile, they could have made it a strong bargaining point in the negotiations with Great Britain for a fresh trade treaty. It is regrettable that the Government of India should have treated this question affecting the largest Indian industry in such a manner.

The position of the Steel industry which is somewhat exceptional, requires special consideration. There is a wide margin of preference to British over non-British materials in the existing Tariff

schedule for steel but according to the principle enunciated by the Tariff Board in 1926 the lower duty on British as compared with non-British steel was regarded as differential, *i.e.*, based on standard specifications and not as preferential duty.

Though this principle was also opposed by the non-official Members of the Assembly, galvanised sheets where no distinction between standard and non-standard steel could be urged, were not subjected to this duty. Under the Ottawa Agreement, however, British galvanised sheets were accorded a distinct measure of preference. The corresponding preference to India was said to be (1) the admission of Indian pig iron free of duty into the United Kingdom and (2) a special agreement made by the Indian steel industry with the British sheet manufacturers under which Indian sheet bars were forwarded to the United Kingdom to be manufactured into galvanized sheets which were re-imported into India under a low rate of duty. After the revision of the duties in 1934, however, the latter arrangement has become inoperative. Nevertheless, the Tariff Board recommended a large preference to British galvanized sheets based on the Ottawa Agreement and this recommendation was adopted by the Government. Thus at present the only *quid pro quo* for these preferences is the admission of Indian pig iron free of duty into the United Kingdom. But when it is remembered that the United Kingdom is likely to be in urgent need of pig iron for several years, it is apparent that the concession given to India is only nominal compared to the valuable preferences secured by the United Kingdom in the matter of galvanized sheets. Even if the preference now enjoyed by the United Kingdom on galvanized sheets is removed, it will not be in her interests to impose a duty on Indian pig iron. The Government of India should therefore consider this question very carefully and remove the handicap placed on the Indian steel industry owing to the above-mentioned preferences accorded to British steel.

But apart from the question of the big Indian industries, there are a large number of smaller ones which are affected either directly by the preferences accorded to the United Kingdom or indirectly on account of the raw materials required in the process of manufacture having been made dearer. The case of chemicals and chemical preparations is an illustration in point. The 10% preference to the United Kingdom goods has placed a handicap in the

way of many small industries in India needing and utilising continental chemicals in their manufacturing process. Among other articles the increasing imports of which from the United Kingdom during the last three years have placed some of the smaller industries at a handicap, are, hardware, Aluminium, rubber manufactures, stationery, paint and painters' materials, instruments, apparatus, appliances, etc.

The question of smaller industries was raised during the ratification of the present Ottawa Agreement, but the Committee regret to note that no serious effort was made by the Government of India to examine the effect of the various preferences given to the United Kingdom on the development of smaller industries in the country. The question of the development of smaller industries is no less important than the question of the major industries and the Committee would therefore strongly urge the Government of India to investigate fully the question as to how far the smaller industries in India have been affected by the grant of preference to the United Kingdom and to give their careful consideration to the point while concluding a fresh trade treaty with the United Kingdom.

Though the Committee have discussed the question of the preference given to the United Kingdom in the Indian market, they are strongly of opinion that as pointed out in the course of this memorandum, there is no question of India granting any preferences to the former. The economic relationship between the United Kingdom and India is a peculiar one. The latter has to make annual remittances of a large amount to the former in return for the various services performed by her as also in the shape of interest on her large investments in this country. It is therefore essential that this point of view should be put forward and the Government of the United Kingdom should be asked to formulate proposals which would enable India to maintain adequate favourable balance of trade and thus enable her to make her yearly remittances regularly. Not only in her relationship with India but with the various other countries of the world also the United Kingdom occupies the position of a creditor and it is well-known that in order to draw the gains and returns from her investments and services in the world, the United Kingdom on the average imports

goods to the extent of about £272 million (being the average of the year 1933-34 and 1935) more than what she exports to other countries. It is therefore equitable and reasonable that out of this unfavourable balance of trade in merchandise about £60 million should constitute the balance of direct imports from, over exports to, India.

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TRADE AGREEMENT BETWEEN THE AFGHAN AND THE  
RUSSIAN GOVERNMENT.

Letter No. 00734, dated 15th June 1936.

From the Chamber to the Government of India,  
Commerce Department.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta has been drawn to a Press Note that has appeared in regard to the conclusion of a Trade Agreement between the Afghan Government and the Russian Government. It is stated that the agreement is based on the system of barter and that during the three years of its duration an exchange of goods of the value of 15,00,000 gold dollars will take place between the two countries. The Committee of the Chamber are surprised that while the Afghan Government have concluded a trade agreement with the Russian Government, the Government of India do not appear to have taken any steps in the direction of concluding a trade agreement with Afghanistan. The Committee believe that there are various articles in India which can be exported to Afghanistan.

In this connection, the Committee of the Chamber also feel that if the Government of India had appointed a Trade Commissioner in Afghanistan, he would have been able to keep the Government in close touch with the commercial activities of the Afghan Government. The Committee are afraid that if the Government of India do not take immediate steps for examining the possibilities of developing India's trade in neighbouring countries, other countries will take advantage of such trade by the conclusion of Bilateral Trade Agreements with them thereby adversely affecting the trade and commerce of this country. The Committee of the Chamber will be glad if the Government of India would let them know of the steps that they propose to take in regard to this matter.

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## EXPORT TRADE OF INDIA WITH GERMANY.

*Copy of letter No. F.-1487 dated 12th November 1936, from the Federation of Indian Chambers of Commerce and Industry to the Chamber.*

*Subject: Dr. K. L. Ganguly's Report No. 5.*

I am directed to invite your particular attention to a paragraph in Dr. Ganguly's Report No. 5 relating to the export trade of India with Germany, a copy of which I am forwarding herewith for your ready reference. Dr. Ganguly, after explaining how in the export and import trade between India and Germany, Indian firms are handicapped in view of certain compensation arrangement between Germany and other countries dealing with it, suggests that the export and import trade between India and Germany should be so arranged that in future all German exports to India are bartered with such exports of Indian raw produce which are carried on only by Indian merchants. As the Committee, while considering Dr. Ganguly's Report, would examine the proposal put forward by him in this connection, they would be glad to have the views of your Committee on this particular suggestion, to reach me before Friday the 27th November, 1936.

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*Extract from Dr. K. L. Ganguly's Report No. 5*

*Regarding the export trade of India with Germany:—*

One has to take into consideration the principal fact that this trade now-a-days can only be carried on on the basis of private compensation. By private compensation, I mean, private firms, importing German goods into India, barter their deals with Indian raw produces which are also exported by individual private firms into Germany. The importers of German goods pay their money directly to the exporters of Indian raw produces, might be through some banking arrangement. Germany does not import Indian raw produces if an equivalent object of German export to India be not forthcoming. It would be all right if all the German exports to India were bartered with Indian exports to Germany.

But that is not the case. There are a large number of articles such as, dye-stuffs, pharmaceutical products, certain chemicals, certain hardwares, etc., in which Germany has got no fear of competition. Such articles are not permitted to be bartered with exports of Indian raw produces. Germany is interested in getting foreign currency by selling these articles to India. So, automatically Germany is getting a favourable trade balance by exporting these articles without equivalent export of Indian raw produces. Then again, all the exports of German goods to India which are permitted to be compensated are not bartered with exports of Indian raw produces. There are numerous cases where the exports of German products to India are bartered with imports into Germany of articles from countries other than India such as Egyptian cotton, American petrol, various English goods, etc. This means again a loss to India as far as possible Indian export to Germany is concerned. There is still another factor to be taken into consideration as regards Indian export to Germany. German goods are imported into India mainly for the consumption of Indians. The British firms in India as a rule do not import German goods, nor do the Britishers consume German articles. The import of German goods into India is mainly carried on either by German firms sitting in India or by Indian firms. In fact, the bulk of this trade is carried on by the Indian firms. But the cream of Indian export trade with Germany goes to the British firms because they can take full advantage of the situation. The bulk of Indo-German Import and Export Trade therefore automatically passes through British firms. This state of affairs is so disastrous for the Indian merchants that, though the Indian export to Germany has not deteriorated much since 1933, still the Indian exporters who were carrying on before a big volume of export trade with Germany have in the recent last two to three years been forced to be content with a small portion of it. The reason lies in the fact that the Indian firms are not protected by any consulate nor by the Indian Government's representatives in Europe nor by a central organisation of their own. In my opinion it is a duty of the Federation of Indian Chambers of Commerce and Industry to take an initiative in the matter and try its best to bring back into the hands of Indian merchants their lost export trade with Germany."

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Letter No. 01892, dated 5th December 1936.

From the Chamber to the Federation of Indian Chambers of  
Commerce and Industry.

I am directed to acknowledge receipt of your letter No. F.-1487 dated the 12th November, 1936 re: Dr. K. L. Ganguly's Report No. 5 and to state that in view of the importance of the subject the Committee suggest that suitable representation should be made to the Government of India requesting them to take steps to improve the trade between India and Germany. The Committee would like to emphasise that in recent years Indian Export trade with Germany has considerably declined and that if no proper action is taken early in this connection, India is likely to lose entirely the German market for her raw produce. Other countries, the Committee understand, are making inroads upon India's share in the import trade of Germany, due to various trade arrangements between those countries and Germany. The Committee would like to point out that whereas India's export trade with Germany was valued at Rs. 32.2 crores in 1928-29, it has come down to Rs. 7 crores in 1934-35, and to Rs. 8.7 crores in 1935-36. The result of these dwindling exports has been that India which used to have a favourable balance of trade with Germany to the extent of Rs. 16 crores in the years 1927-28 and 1928-29 has now an adverse balance of well above Rs. 3 crores—the figures for 1934-35 and 1935-36 being Rs. 3.1 crores and Rs. 3.7 crores respectively.

The Committee are of the opinion that the above position with regard to India's export trade with Germany is alarming and measures should be taken immediately to safeguard the interests of Indian export trade.

The Committee also desire to suggest that the Federation should be in communication with the Indian Government Trade Commissioner at Hamburg with a view to clarify the nature of all the restrictions that Indian exports to Germany have to face, and to find out by what arrangement the same can be overcome.

In this connection, I am sending to you a copy of a letter from Sir Sarupchand Hukumchand & Co., along with an enclosure\* which purports to give the latest restrictions placed by the German Government on their foreign trade.

I hope the Federation would do the needful in the matter.

IMPOSITION OF IMPORT DUTY ON AUSTRALIAN WHEAT FLOUR.

Telegram dated 29th May 1936.

From the Chamber to the Government of India,  
Commerce Department.

Committee Indian Chamber of Commerce learn 2,100 cwt. Australian Wheat flour imported in Burma from 1st April to 7th May. This import is detrimental to the interest of Indian Flour Milling Industry and Wheat growers in particular and Committee request Government to increase duty on flour from 1/- to 1/8/- per cwt. and maintain annas eight per cwt difference between duties on wheat and flour.

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Letter No. 680, dated 2nd June 1936.

From the Chamber to the Government of India, Commerce  
Department.

I beg to confirm having sent to you the following telegram on the 29th May 1936 :—

“Committee Indian Chamber of Commerce learn 2,100 Cwt. Australian Wheat Flour imported in Burma from 1st April to 7th May stop. This import is detrimental to the interest of Indian Flour Milling Industry and Wheat growers in particular and Committee request Government to increase duty on Flour from Re. 1 to Rs. 1/8 per Cwt. and maintain annas eight per cwt. difference between duties on wheat and flour.”

In this connection the Committee desire to point out that wheat flour was formerly subject to an import duty of Rs. 1-8-0 per cwt., but only recently by the passing of the Indian Tariff (Second Amendment) Act, 1936, this duty was reduced to Re. 1 per cwt. The Committee regret to point out that as apprehended this reduction of duty has immediately been followed by imports of wheat-flour from Australia. The import of Australian wheat-flour in Rangoon is sure to affect the Indian Flour-Milling Industry and the Committee would therefore request you to kindly consider the question of restoring the import duty on wheat flour to Rs. 1/8/- per



cwt. in order to prevent the imports of wheat flour and a consequential loss to the Indian Flour Milling Industry. The Committee would be glad to learn from you at an early date the steps which the Government of India propose to take in the matter.

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*Copy of letter No. 156-T(1)-36 dated 17th September 1936, from the Government of India, Department of Commerce, to the Chamber.*

*Import duty on wheat flour.*

With reference to your letter No. 680, dated the 2nd June 1936, on the above subject, I am directed to say that the Government of India have given the matter their careful consideration and have come to the conclusion that there is no adequate ground for increasing the import duty on wheat flour at present.

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IMPOSITION OF A COUNTERVAILING DUTY OF RS. 1-8-0 PER TON ON  
IMPORTS OF SOUTH AFRICAN COAL INTO INDIA.

Letter No. 657, dated 29th May 1936.

From the Chamber to the Government of India, Commerce  
Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the urgent necessity of imposing a countervailing duty of Rs. 1-8-0 per ton on South African coal imported into India. The Committee understand that large consignments of coal from South Africa are arriving at Bombay. These increasing imports of coal from Africa would naturally oust the Indian coal from the Bombay and other nearby markets and would thus prove ruinous to the Indian coal industry which has since long been pleading for help from the Government and Railways in several respects.

In this connection the Indian Tariff Board which reported in 1926 came to the conclusion that the competition of the bounty-fed African coal in the Indian market was unfair and that an additional duty of Rs. 1-8-0 per ton on South African Coal would suffice to

give the Indian Coal Industry all the benefit it could derive from a duty of this kind. The Board also stated that the burden on consumers will not be increased by the imposition of a countervailing duty and that there would be no appreciable addition thereby to the manufacturing costs of any Indian industry. Unfortunately, however, the Tariff Board by a majority of 2 to 1 reported that it was inadvisable to impose a countervailing duty on South African Coal on the ground that it was not likely to help the Industry at a point where help was most needed and that a duty on South African Coal might provoke retaliatory measures from the South African Government.

The Committee desire to say that since then the position has greatly changed. Countries after countries have been restricting imports by various devices like quotas, exchange restrictions, countervailing duties, etc., in order to help their own industries. Even the South African Government have recently imposed anti-dumping duties on articles manufactured from coconut fibre, which has seriously affected the export trade of India in these articles. Moreover, the situation in India, so far as the Coal Industry is concerned, has been aggravated by the reported arrival of large quantities of coal from South Africa. The Committee therefore feel that the time has come for the Government of India to impose a countervailing duty on South African Coal, specially when it has been conclusively established that the competition of South Africa is unfair. The argument that such an imposition would provoke retaliatory measures from the South African Government has not much force now, in view of what they have already done and particularly when the Indian Coal Industry is threatened with immediate danger.

The Committee need hardly reiterate here the present deplorable condition of the coal industry and the various burdens under which it has been suffering. The Government are doubtless aware that the coal industry has been most affected by the present depression and that additional burdens like cess, surcharges on Railway freight, terminal charges, etc., are being imposed on it from time to time. The coal industry, which stands in need of a sympathetic attitude and help from the Government as well as the Railways, is on the contrary hit very hard, by imports of bounty-fed coal.

Under these circumstances, the Committee of the Chamber request you to be good enough to consider the question of imposing a countervailing duty of Rs. 1-8-0 per ton on South African Coal and thus assist the industry in its present state of depression.

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*Copy of letter No. 47-T(1)/36, dated 4th December 1936, from the Government of India, Department of Commerce, to the Indian Mining Association.*

(Forwarded to Chamber)

*Countervailing duty on imports of South African Coal into India.*

I am directed to refer to the correspondence resting with this Department letter No. 47-T(1)/36, dated the 13th June 1936, on the above subject.

2. I am to observe that the position of the trade in Indian coal is being constantly watched by the Government of India, and that, with a view to enabling Indian coal to compete more successfully in the export markets against Japan and South Africa they have, with effect from the 1st October 1936, sanctioned on coal exported to ports outside India and Burma an extra rebate of 8 annas per ton.

3. As your Association is aware the Tariff Board of 1925-26, which examined the claim of the coal industry to protection, laid special stress on the importance to the Indian coal industry of competitive power in the export market; and in paragraphs 70 and 71 of its Report are summarised the arguments against the imposition of protective duties. The Indian Fiscal Commission of 1921-22 in paragraph 114 of its Report also stated its general conclusion that "on principle there should be no import duty on coal". The Government of India see no reason to believe that these conclusions have since been vitiated. On the contrary, the substantial rebate of railway freight now made in order to assist the coal industry to attain a competitive basis in the export market should strengthen also its position internally.

4. Imports of South African coal into India, which showed an increase in the earlier months of the current financial year, have not continued during August and September, though the general

balance of trade between India and the Union of South Africa still remains largely in favour of the former.

5. In the circumstances the Government of India are still of the opinion that there is no justification in present circumstances for modifying the considered conclusion arrived at by the majority of the Tariff Board in 1926 that it is inadvisable to impose a counter-vailing duty on South African Coal.

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#### POSSIBILITY OF THE CHAMBER OPENING A LICENSED MEASURERS' DEPARTMENT.

*Confidential*

*Copy of a Note dated 27th June 1936, from Mr. G. L. Mehta re:  
Possibility of the Indian Chamber opening a Licensed  
Measurers Department.*

As desired by the Committee at their 11th Meeting held on the 15th May 1936, I submit the following Note on the questions of a Licensed Measurers Department for our Chamber.

2. The Licensed Measurers Department of the Bengal Chamber of Commerce dating from 1883—84 is being utilised by shipping companies as well as shippers and consignees. It is, therefore, necessary to elicit the views of both shipping firms and shippers and consignees. As regards the shipping firms, so far as foreign trade is concerned all of them are non-Indian companies and most of them European. Even some of the non-British shipping companies have British firms as their agents so that without pressure and insistence from the shippers and consignees, it will be difficult, if not impossible, to induce them to give up their connections with the Bengal Chamber of Commerce and utilise the services of a Department of the Indian Chamber. It is possible that one or two Japanese concerns might be persuaded to do so while in the coastal trade, only the Scindia Steam Navigation Co., which has its own Measurers Department, can be expected to utilise the Chamber's Department for the purpose. The support of the shipping companies is absolutely essential because the charges for measurement and weightment are defrayed by the shipping companies. It is, therefore necessary to know the attitude and views of the shipping

companies, because if at least half a dozen of them can be induced to support the scheme at the start, it might be worthwhile for the Chamber to start a Department. It is, therefore, necessary, in the first instance, for the shippers and consignees to bring pressure on the shipping companies in this respect.

3. As is well-known, in different contract forms issued by various trading associations, there is a clause that measurement and/or weighment would be by the Bengal Chamber Licensed Measurers Department. Such a clause needs to be altered or modified so as to incorporate in the usual contract forms, a stipulation for the Indian Chamber Licensed Measurers Department along with the Bengal Chamber L. M. Department. If the merchants concerned press for such a clause by refusing to trade under their respective association contracts unless such an optional stipulation is made, the incorporation of an Indian Chamber L. M. Department clause would not be difficult. Alternatively, if the Indian Chamber could get the Bengal Chamber to include such a clause, there would presumably be no opposition from European or Indian mercantile houses to such a measure. What is primarily required is the sanction of the entire Indian trading community or at least a substantial proportion of it, to make the scheme successful. If the merchants insist on the inclusion of such a clause in their contracts, this sanction could be secured. Indian members of the various associations which issue contract forms may even apply in a body to the respective associations to include in the contract forms the option of the acceptance of the Indian Chamber L. M. Department measures and weights. In order to ascertain the views of the shippers and consignees, it might be worthwhile inviting the opinion of all the members of the Indian Chamber through a circular letter and enquire as to whether they would be willing to support such a scheme by utilising the services of the Indian Chamber Licensed Measurers Department in respect of their contracts in case such a Department is opened.

4. I consider that without the assurance of such support on the part of merchants or of co-operation on the part of shipping companies, it is hardly feasible to establish a Licensed Measurers Department in the Chamber.

5. *Schedule of Charges* :—I enclose a schedule of charges levied by the Bengal Chamber for measuring and weighing goods, which

are in effect from the beginning of this year (Enclosure I). It will be noticed that nearly all rates and charges shown in the list are subject to a surtax of 15%. As the staff expenditure and overhead charges of such a Department, if established by the Indian Chamber, would be lower than those of the Bengal Chamber, the Indian Chamber could certainly levy lower charges. These, however, could be worked out later after the Chamber decides as to whether a Department should be opened. I might add that the B. I. S. N. Co. at present do not engage any Measurers of the Bengal Chamber for their own godown (No. 9 Calcutta Jetty) but they have this work done by their own experienced men. The B. I. have also discontinued the Licensed Measurers of the Bengal Chamber for their Calcutta-Rangoon Service.

6. *Rules*:—As regards the rules and regulations for measurement and weightment, I enclose a copy of the rules (Enclosure II) at present in force in the Bengal Chamber Licensed Measurers Department and have to invite reference in this connection to pages 62A-63A of the Report of the Committee of the Bengal Chamber of Commerce for the year 1934 (Volume I). These rules are, on the whole, satisfactory and might be followed by the Chamber's Department with whatever modifications in details that are considered necessary.

7. *Staff*:—The Licensed Measurers Department of the Bengal Chamber retain the following staff for the purpose:—

1	Superintendent
1	Office Manager
4	Assistant Superintendents
3	Scalewrights
91	Measurers

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The total annual expenditure of the Licensed Measurers Department for the year 1933-34 came to Rs. 6,64,119-6-9 of which nearly 90% was incurred on account of salaries, allowances and fees (Holidays and Sundays) of officers and men. The Bengal Chamber usually supply one measurer for each hook (*i.e.*, sling), but it depends upon the nature of the cargo. If, for instance, there is rush of work, *i.e.*, if a steamer is loading general cargo with 5

hooks, then 4 Measurers are necessary. The Bengal Chamber also supply 6 to 10 labourers for one Measurer in order to adjust the scales and handle the packages. The number of Inspectors, Measurers and labourers engaged by the Indian Chamber will, of course, depend on the quantum of cargo to be measured and weighed.

8. As regards the gear necessary for measuring and weighing, I enclose an inventory of weighing and measuring apparatus and transport from the Report of the Licensed Measurers Department of the Bengal Chamber (Enclosure III). I understand that each steamer requires at least 3 Weighing Scales with their stands and shooks, etc., both for heavy and light packages. Generally W. T. Avery's Steelyard Scales are found useful. The prices of these Scales vary according to their capacity. For instance, a Scale of 450-650 lbs. capacity might be available at, say, Rs. 150 to Rs. 250 with complete sets. For measuring work, at least 3 Callipers of different sizes are necessary. These Callipers are used for baled cargo and cases. Callipers have to be graded to the satisfaction of the Government Test House. The price of each Calliper comes to between Rs. 50 to Rs. 100. For bigger packages, a measuring tape is necessary.

9. The revenue derived by the Licensed Measurers Department of the Bengal Chamber during 1933-34 was as follows:—

Measurements	...	...	Rs. 4,06,442	10	9
Weighments	...	...	„ 3,23,480	10	3
Mill Fees	...	...	„ 3,955	0	0
Misc. Fees	...	...	„ 10,214	0	0
Sundry Charges	...	...	„ 14,468	13	4
			Total Rs. 7,58,561	2	4

Since the expenditure for the year amounted to Rs. 6,64,118-6-9, the nett surplus of the Department came to Rs. 94,442-11-7. It will, therefore, be seen that this is a very paying Department of the Bengal Chamber. The number of packages measured in 1933-34 came to 68,69,670 while the number of packages weighed came to 62,30,355.

I presume the above information will meet the requirements of the Committee, but if there is any further information which I can supply, I shall be glad to do so.

## ENCLOSURE I.

LICENSED MEASURERS DEPARTMENT.

*Bengal Chamber of Commerce.**Schedule of Charges for measuring and weighing goods as amended and revised with effect from 1st January, 1936.*

1. All rates and charges shown in the subjoined list are subject to a surtax of fifteen per cent. with the exception of the special fees enumerated under clauses 6, 7, 8 and 9.

2. The schedule rates are as follows:—

Per ton of 50 cubic feet or  
20 hundredweight for  
measuring or weighing  
up to ten per cent  
of the packages.

(a) For leather, kips, hides, skins, hide cuttings, fleshings, etc., in bales or bundles exceed- ing 7 hundredweight or 25 cubic feet per bale or bundle	10 Annas.
„ leather, kips, hides, skins, hide cuttings, fleshings, etc., in bags, bales or bundles not exceeding 7 hundredweight or 25 cubic feet per bag, bale or bundle ...	5 „
„ oil, guts, skins, lard, rosin, coffee, soda, etc., in casks, drums or barrels ...	} 2½ „
„ shellac, indigo, tea, ghee, etc., in boxes, cases or chests	
„ jute, hemp, tobacco, cotton, kapok, fibres, and similar articles in bales or bundles	
„ gunnies, hessians, twine, wool, yarn, etc., in bales ...	
„ sinews in bales or bundles	
„ cereals and seeds in bags, and sundry commodities in sacks, pockets and baskets	



Per ton of 20 hundred-weight for weighing one hundred per cent of the bulk.

(b) For coal, coke, pig-iron, manganese ore and other goods in bulk ... 7½ Annas

(c) Where goods are measured and weighed at the same time and for the account of the same party, the charge for such measurement and weighment shall be three-fourths of the amount of the respective measurement and weighment fees as specified above.

(d) Double rates will be incurred for all work done between 7 A.M. as well as in respect of any cargo or goods attended to in advance and shipped or loaded at night.

3. The minimum charges for orders are :—

(a) For day work Rs. 15 per officer per day (from 7 A.M.)

(b) For night work Rs. 20 per officer per night (from 7 P.M.)

In the event of no work being done, attendance fees of Rs. 15 and/or Rs. 20 per officer per day and/or night respectively will be charged.

4. The following are special charges :—

(a) Goods selected and/or measured and/or weighed for arbitration or survey purposes, Rs. 5 per package subject to a minimum of Rs. 15 per lot.

(b) Gauging of iron, steel, etc., done in connection with the measurement and/or weighment Rs. 5 for each officer per day detailed for the work, otherwise Rs. 15 for only gauging.

5. If the measurement and/or weighment of percentages greater than those indicated in the foregoing schedule are required, special arrangements must be made with the Superintendent; increased rates will be charged for such increased percentages.

6. For work at Mills, Press Houses or Godowns the following additional special charges are levied :—

- (a) Within a limit of 20 miles of the Howrah Bridge, for the attendance of each officer Rs. 10.
- (b) Exceeding 20 and up to 30 miles in distance from the Howrah Bridge for the attendance of each officer Rs. 15.
- (c) Distances beyond a limit of 30 miles, or places offering peculiar difficulties or unusual expense, to be a matter for special arrangement.

7. For work on vessels lying downstream of the King George's Dock entrance, and within ten miles of the Howrah Bridge, by day and/or by night, a distance fee of Rs. 10 for the attendance of each officer will be levied.

8. The following fees by day and/or by night are charged in addition to the schedule rates :—

- (a) On Sunday Rs. 10 for each officer.
- (b) On New Year's Day Good Friday, King Emperor's Birthday and Christmas day Rs. 20 for each officer.

9. When the attendance of officers is required between 5 A.M. and 7 A.M. or between 5 P.M. and 7 P.M. a fee of Re. 1 per hour or part of an hour for each officer will be charged.

10. The Department have the right of refusing the acceptance of any order.

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## ENCLOSURE II.

### BENGAL CHAMBER OF COMMERCE.

At a special General Meeting of the Chamber, held on the 4th October 1883, the following Resolution was adopted :—

“That Rule 1 under the Chamber's Tonnage Schedule be altered as follows in accordance with the Resolution proposed and adopted by the mercantile community

at their meeting on the 3rd July 1883, and in accordance with the notice issued by the Chamber of Commerce, on the 4th July 1883, under rule 23 of the Chamber", *viz*:—

1. That where freight is payable by measurement, measurement be by Sworn Measurers, to be placed under the direction of the Bengal Chamber of Commerce.
2. That the measurement be taken at place of shipment, *i.e.*, exporting wharf, jetty or press-house where adjacent to place of shipment, at measuring Superintendent's discretion, but only whilst the bales are actually being removed in course of shipment.
3. That such measurement be final.
4. That in the case of shut-out cargo or cargo transferred from one vessel to another, original measurements to hold good.
5. But that any cargo re-landed be re-measured.
6. That measurement be taken at the largest part of the bale, inside the lashing on the one side, and outside on the other.
7. That the measurement of jute shipped without measurement shall be entirely at shipper's risk, that measurement be a matter of special arrangement between the shippers and ship; further, that all expenses connected with the measurement thereof be payable by the shippers.
8. That all cotton and other baled cargo arriving at the East Indian Railway Company's terminus at Howrah for shipment direct by boat be measured by the Sworn Measurers in the Railway Company's shed while being removed in actual course of shipment.

9. That all baled cargo pressed at, or exported from, any of the Press-houses to which a Sworn Measurer may be attached be treated in the manner as jute, and as provided for in the second Resolution.
  10. That gunny bales packed at, or exported from mills, within the limits of the port, be also measured as described in the second Resolution.
  11. That gunny bales or other cargo exported by boat direct from outside the limits of the port be measured by the Sworn Measurers on the deck of the ship or alongside; but it shall be optional with outside mills and press-houses to make arrangements with the Managing Committee, on such terms as may be mutually agreed, for the attendance of Sworn Measurers at their ordinary shipping wharves for measurements in accordance with Rule 2.
  12. That all baled, cased, or other cargo not provided for in any of the foregoing Resolutions and which at present is measured on this side under any of the tonnage schedules now in use in the Port, or which may require to be measured on this side, by a special arrangement made between shippers and ship, that all such cargo be measured on the Custom House Wharf (if for export by boat) or in the jetty sheds (if for shipment through the jetties) by the Sworn Measurers.
  13. That for the present the Sworn Measurers to be appointed to carry on this scheme be placed under the direction of a Representative Committee to be nominated by the Committee of the Bengal Chamber of Commerce.
  14. That the charge for measurement be defrayed by the ship.
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CONTINUANCE OF THE TEA CONTROL SCHEME BEYOND MARCH, 1938.

*Copy of letter No. 2281-91-Com., dated 30th March 1936, from the Government of Bengal, Commerce Department, to the Chamber.*

*Question of Continuance of the Tea Control Scheme beyond March 1938.*

I am directed to refer to subsection (4) of Section 1 of the Indian Tea Control Act 1933 and to say that the Government of India has now under consideration the question whether the scheme of control over export and cultivation of tea embodied in the Act should be continued beyond 31st March 1938. I am to request that Government may be furnished with the views of the Chamber on this question as early as possible and in any case not later than 1st May 1936.

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Letter No. 492, dated 17th April 1936.

From the Chamber to the Government of Bengal, Commerce Department.

*Question of Continuance of the Tea Control Scheme beyond March 1938.*

I am directed to refer to your letter No. 2281-91-Com., dated 30th March 1936 in the above connection and to say that the Committee of the Indian Chamber of Commerce, Calcutta are of the opinion that the existing scheme of control over export and cultivation of tea be continued beyond 31st March 1938.

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ENHANCEMENT OF CESS ON INDIAN TEA EXPORT FROM  
AS. 12 TO RS. 1-4-0 PER 100 LBS.

*Copy of letter No. 476(1)-Tr. (I. E. R.) dated 15th December 1936, from the Government of India, Department of Commerce, to the Chamber.*

*Express Letter.*

It has been suggested that cess on tea produced in India and exported therefrom should be fixed under Section 3 of Indian Tea Cess (Amendment) Act 1936, at Rs. 1-4-0 per 100 lbs. Government of India will be glad to have your views by telegram.

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Telegram dated 23rd December 1936.

From the Chamber to the Government of India, Department  
of Commerce.

Your letter fifteenth Committee strongly oppose Tea Cess being increased to 1/4 per hundred lbs. Suggest increase to Rupee one only if necessary.

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Letter No. 00009, dated 2nd January 1937.

From the Chamber to the Government of India,  
Department of Commerce.

I beg to confirm having sent to you the following telegram on  
on the 23rd December 1936.

"Your letter fifteenth Committee strongly oppose Tea Cess being increased to Rs. 1/4 per hundred lbs. Suggest increase to Rupee one only if necessary."

I would also like to invite your attention to the letter addressed by the Chamber to the Government on 15th February 1936, at the time of the amendment of the Indian Tea Cess Act. The Committee had emphasised in that letter that the collection of funds should be at a rate which would be consistent with the amount of money required for useful expenditure and that the maximum rate of cess leviable should be Re. 1 per hundred lbs. The Committee have carefully considered the matter and they do not see any circumstances at present necessitating the tea cess being increased to Rs. 1-4-0 per hundred lbs. Moreover, as the Indian Tea Market Expansion Board, on whose recommendation only, according to section 3 of the Amendment Act the Governor General is to prescribe the rate, has not yet come into existence, the Committee fail to find any substantial reason for such an increase.

However, if at all an increase in the rate is contemplated for propaganda work during 1937, the Committee after having consulted Indian Tea interests, would like to suggest that an increase to Rupee One only would meet the purpose.

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REPORT OF THE SPECIAL TARIFF BOARD ON THE COTTON  
TEXTILE INDUSTRY.

Letter No. 810, dated 3rd July 1936.

From the Chamber to the Government of India,  
Commerce Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to refer to the resolution of the Government of India dated Simla the 25th June 1936 containing their views on the recommendations of the Special Tariff Board appointed in September 1935 to investigate the adequacy of the protective duties applicable to cotton and artificial silk fabrics and cotton yarns of British Manufacture.

At the outset the Committee of the Chamber regret that the Government of India should have shown such inordinate haste in implementing the findings of the Tariff Board for a reduction of the duties. The Committee of the Chamber strongly feel that in view of the serious effect that the acceptance of the proposals of the Tariff Board would have on the Cotton Textile Industry directly and the general prosperity of the country indirectly, the Government of India should have given their most careful consideration to this question and should have permitted the Central Legislature and the commercial community to express their opinion before taking decision. The Committee fail to appreciate the necessity of the Government of India taking executive action and giving immediate effect to the recommendations of the Tariff Board for a reduction of the duties by a notification under Section 4(1) of the Indian Tariff Act issued on the 25th June. They cannot help feeling that the interests of the country have been definitely subordinated to those of Lancashire in whose interests alone such immediate action appears to have been taken, and for whose benefit the Central Legislature has been denied the opportunity of expressing its considered opinion.

The Government also observe in the Resolution that in taking decision for a reduction of the duties with immediate effect, the Government have given full consideration to the possible reactions of the reduction of duties on customs revenue and the budgetary position. It is hardly necessary for the Committee of the Chamber to point out that a more relevant consideration would have been to

gauge the possible reaction of the reduction of duties on the indigenous cotton industry, the handloom industry and the general economy of the country. The Government also observe that they are satisfied that not only will the yield of the duties at the present level not be appreciably less in the current year than it would have been if the former duties had been continued, but also that there is no reason to anticipate that in future years revenue will be detrimentally affected. The Committee feel that this is the strongest condemnation of the decision of the Government for the immediate reduction of the import duties. If the lower duties are not likely to effect a reduction in the total customs revenue, it shows that the reduced duties will not afford adequate protection sought to be given to the Industry by the Central Legislature and, indeed, by the Government themselves. If, as a result of the reduction of the duty, there is an increase in the imports of Lancashire piece-goods to the extent of, say, 100 million yards, it only means that the Indian Cotton Textile Industry and the Indian Handloom Industry will have to curtail their production to that extent. The effect on the section of the indigenous Cotton Textile Industry which is turning its attention increasingly in the direction of production of finer quality of piece-goods will be very severe inasmuch as Lancashire piece-goods with a reduced duty will be able to compete effectively with such production and this will result in a diminution in the production of finer quality of piece-goods now manufactured in the country. Such reduction in the production of finer goods will also give a set back to the production of long staple cotton in the country which is receiving a definite encouragement during the last few years owing to greater demand therefor from the Indian mills. Besides, another effect of the restricted production of the indigenous industry will be reduced consumption of Indian cotton which will have an adverse effect on the cultivators of cotton. The Committee, therefore, strongly urge the Government of India to give the matter their further consideration once again and to take suitable action after the Central Legislature expresses its views on the findings of the Special Tariff Board. In this connection, the Committee would also point out that this measure of reduction of duties on British piece-goods will react severely on the indigenous industry, on the large number of workers in the Mills, as also on the handloom industry, which needs protection. The Committee do not wish to enter here into an examination of the findings of the



Tariff Board but they feel strongly that out of regard for the interest of the cotton textile industry and the general economic welfare of the country, the Government of India should not have agreed to reduce the duties by executive action, at any rate until the Legislature was given an opportunity to give its verdict on such an important issue of protection to the largest national industry of the country.

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#### DIFFICULTIES FELT BY MATCH MANUFACTURERS IN THEIR DEALINGS WITH THE EXCISE DEPARTMENT, BENGAL.

Letter No. 1080, dated 14th August 1936.

From the Chamber to the Government of Bengal, Revenue  
Department, Excise Branch, Calcutta.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to invite your attention to the several difficulties that the Match Manufacturers in Bengal experience in their dealings with the Excise Department.

The first difficulty relates to the return of damaged banderols (tokens of payment of duty), and the refund of the prices of such banderols. The Committee understand that under the rules, framed by the Government of India on the subject, banderols that are rendered unfit for use and which are not used previously can be returned to the Inspector-in-charge of a factory and the factory owners are entitled to get a refund of the price of such damaged banderols, returned to the Inspector. In practice, however, the factory owners meet with several difficulties in getting the refund of such banderols. Firstly as regards ascertaining the quantity of damaged banderols, the Committee understand that, previously they used to be weighed, but that method has now been given up and the banderols are now counted at the time of accepting the return. In counting, however, the Inspector-in-charge accepts only such banderols and pieces on which the imprints of the number and the crown are all in tact. In this connection the Committee would like to point out that the banderols are made of very thin paper and are only about  $\frac{1}{2}$ " in breadth while the imprints on it are only about  $\frac{1}{4}$ ". The number of banderols that are used in a moderate

sized factory comes to several lakh pieces daily. These banderols are pasted on the match boxes both by machine as well as by hand. It can easily be imagined that the imprints on quite a large number of banderols that are damaged in the course of pasting may be missing. If no return of the value of such damaged banderols is therefore made it is obvious that factory owners will suffer positive loss for no fault of their own and for reasons over which they have no control. It may also be pointed out in this connection that the excise duty is levied on consumption, while this is a net loss to the factories owing to administrative arrangement and therefore the industry should not be made to bear it. It is therefore desirable for the Government to see that the match manufacturers do not have to suffer any loss on such banderols which have not been used on matches issued for consumption. The Committee are informed that in the case of one particular factory the loss due to rejection out of the pieces of damaged banderols alone amounted to about Rs. 1,600 in one year. The Committee are therefore of opinion that the system of accepting damaged banderols by counting is not very satisfactory as it involves factories in unnecessary losses. They would therefore request the Government to issue instructions to the inspectors to accept damaged banderols on weightment as was done previously. As a matter of fact, the Committee are not aware of the reasons which led the Excise Department to change the previous practice of weighing into one of counting and the Committee shall be glad to be enlightened on this point.

As an alternative to the above, the Committee desire to submit that if a percentage of wastage is fixed for which a refund of the price will be allowed, after taking into consideration all the circumstances under which banderols are pasted and the factors which determine the wastage, it would remove the cause of an unnecessary botheration to the factories and will facilitate their working.

Arising out of the above difficulty, there is another which relates to the delay that is generally caused in granting the refund of the price of wasted banderols after their return. The Committee feel that there should not be such unnecessary delay in the payment of refund money due to Match Manufacturers for the return of damaged banderols. The Committee understand that the delay in some cases extends to several months and as a result an appreciable

amount of the factories' money lies locked up with the Excise Department. The Committee therefore request you to kindly look into this question and take the necessary steps with a view to arrange for expediting the payment of refund.

Another difficulty which the factory owners feel is in connection with the number of sticks in each match-box. The Matches Excise Duty Act, 1934, fixes the rate of duty on different kinds of match boxes according to the average number of splints contained in them. As you may be aware, the match boxes are filled by hand and though every care is taken by the workers and the staff to keep well within permissible number of splints in each box, it can be easily imagined that out of several lac boxes filled daily there may be some cases where a box contains one or two sticks more than the number allowed. It was in order to meet this difficulty that the Matches Excise Duty Act provides for "average" number of splints, but the Committee understand that Factory Inspectors do not interpret the rules reasonably and take the factory-owners to task even if more than the required number of splints are found in one or two boxes selected by them from a whole lot. The Committee would request the Government to issue instructions to the Inspectors to be more reasonable in this respect and not to follow only the letter of the law.

Apart from the above, there are some other difficulties of comparatively minor importance which the factory owners experience in their dealings with the Excise staff. The Committee would request the Government to impress upon the officials of the Excise Department that in dealing with the Match Manufacturers, they are controlling an important industry, and that persons engaged in the enterprise are all businessmen of standing, who should be treated in a reasonable and courteous manner. If this view is taken, the Committee believe that many of the minor difficulties of the Match Manufacturers would automatically be removed. The Committee do not think it necessary here to go into the details of all of these but they are of opinion that these difficulties may be easily solved by the Excise Department becoming more prompt in attending to correspondence and replying to the representations made by factory owners.

The Committee have pointed out the above various difficulties experienced by Match manufacturers and they would request the

government of Bengal to be good enough to investigate into these grievances and to take such steps as may be necessary to remove them. The Committee will be glad to know the steps which the Government of Bengal propose to take in regard to the various matters raised above.

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*Copy of letter No. 1144 dated the 7th November 1936, from the Government of Bengal, Revenue Department, Excise Branch, to the Chamber.*

I am directed to refer to your letter No. 01080, dated the 14th August 1936, in which you communicate for the consideration of Government certain representations made by the Committee of your Chamber in connection with the administration of the Matches (Excise Duty) Act in this Presidency.

2. In reply, I am to say that the Government of Bengal have made a careful investigation into the facts of the case and have come to the following conclusions :—

(i) As regards the system of checking damaged banderols, Government are unable in the interest of safeguarding the revenue against the possibility of fraud to permit any relaxation of the limits at present set in verifying the genuineness of the damaged banderols in respect of which a refund of the purchase price is claimed. The suggestion that the checking should be done by simple weighment does not appear to them to deserve any serious consideration. The alternative suggestion of a percentage being fixed for wastage for which a refund of the price should be allowed does not also commend itself to Government.

(ii) In regard to the complaint made for the delay in payment of refunds and in the conduct of correspondence, Government regret any inconvenience that may have been caused to the Industry at the beginning of administration of this new law but they would assure your chamber that effective steps have since been taken to improve the procedure.

- (iii) As regards the check imposed upon the number of matches loaded in each box, it will be realised that the resident officer is bound to be cautious to prevent overfilling to the detriment of revenue.
- (iv) With regard to the allegation of discourtesy on the part of the staff, Government are unable to take any action in the absence of specific details of any such concrete cases.

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#### ALLEGED UNFAIR COMPETITION IN THE MATCH INDUSTRY.

Letter No. 1081, dated 14th August 1936.

From the Chamber to the Government of India, Department of Industries and Labour.

#### *Alleged unfair competition in the Match Industry.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to your letter No. 1281 dated the 27th August 1935 in reply to Chamber's letter No. C.-6620 dated the 12th June, 1935 on the above subject. The Committee of the Chamber have made a detailed investigation into the question of the selling prices of the Western India Match Co., Ltd., and the Calcutta Match Works, which are both non-Indian concerns and they feel that in accordance with the information supplied by some members of the Chamber interested in this Industry, there is reason to believe that these companies are selling at least some of their products below their cost of production. A comparison of the cost of production of matches, the figures for which have been supplied by some large-sized Indian Match factories, with the selling prices of the above two non-Indian Match factories shows that their selling prices of certain kinds of matches appear to be less than the cost of production of the same. Even if the cost of production of the Western India Match Co., Ltd., and the Calcutta Match Works be assumed to be at a somewhat lower level, it is not likely that the difference will be as great as As. -2/- per gross between a large-sized Indian factory and these non-Indian factories, as to make it possible for the latter to sell their matches at prices which would be less by 2 annas. Moreover the Committee understand that the

Western India Match Co. and the Calcutta Match Works are selling 40 sticks (of 2nd quality) at annas -/7/6 to -/8/- per gross and 60 sticks of the same quality at annas -/7/3 to -/8/- per gross, while the cost of production of 60 sticks matches, it is said, can hardly be expected to be lower than As. -/9/9 per gross. Such a disparity in the prices would make one naturally infer that at least some particular kinds of matches are being sold at a price considerably below their cost of production by the two non-Indian concerns.

The Committee also understand that the Western India Match Co., are selling their "Tekka" brand of matches of 60 sticks of first quality at Rs. 2-13-0 per gross and a slightly inferior second quality matches of the same brand at Rs. 2 per gross, while the difference between the cost of production of these two qualities could not be more than two annas. Considering this the Committee are led to believe that the Western India Match Co. must be definitely losing on the sale of their second quality matches of 60 sticks.

It is however not possible for the Committee to adduce any further proof of unfair competition as they are not in a position to get the authoritative figures of the cost of production of the non-Indian factories. The opinion of the Committee regarding the existence of unfair competition is based on similar matches in some of the large-sized Indian Match Factories in Bengal.

The Committee therefore suggest that it would be desirable for the Government of India to make an investigation in order to find out the extent to which these two factories have reduced their selling prices, increased their production during the last few years, and also the extent to which they have suffered a loss by the sale of matches below their cost of production. If, after such an enquiry, the Government feel that these factories have used their large financial resources to extend their present share of the Indian market by means of unfair competition to the detriment of the Indian manufacturers, they should take such action as is necessary in order to safeguard the interests of the Indian Match Manufacturing Industry.

I shall be glad if you will kindly let me know at an early date the action which the Government of India propose to take in regard to this matter which is of considerable importance to the Match Industry in Bengal.

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*Copy of a letter No. 1281, dated the 22nd December 1936, from the Government of India, Department of Industries and Labour, to the Chamber.*

*Alleged unfair competition in the match industry.*

I am directed to refer to your letter No. 1081 dated the 14th August 1936, on the subject mentioned above, and to enclose a copy of a letter which has been sent to the Honorary Secretary, Indian Match Manufacturers' Association, on the subject. If there are any firms represented in your Chamber who are not members of that Association, the Government of India would be obliged if you would furnish in respect of them the particulars indicated in the enclosed letter.

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*Copy of a letter No. 1281, dated the 22nd December 1936, from the Government of India Department of Industries and Labour, to the Hony. Secretary, Indian Match Manufacturers' Association.*

*Alleged Unfair competition in the match industry.*

I am directed to refer to your letter dated the 26th September 1936, to the Honourable the Commerce Member on the subject mentioned above, and to say that the Government of India approached the Calcutta Match Works and the Western India match Co., Ltd., on the subject. They have intimated to Government their willingness to fix their selling price for match boxes containing 60 sticks at a minimum of Rs. 2/6/- per gross, provided all other match manufacturers in the Calcutta territory (*i.e.*, Bengal and Assam) undertake to fix their selling price for similar matches at a minimum of Rs. 2/4/- per gross. Both the companies are prepared to adhere to this agreement only for so long as the above undertaking is not violated by any other match manufacturer.

2. The Government of India would be glad to have particulars at an early date of all the match-manufacturing firms who belong to your Association stating in each case whether they are willing or unwilling to give such an undertaking.

3. The Government of India will also be glad to receive such particulars as you are in a position to furnish of any match-manufacturing firms other than the firms mentioned above who are not included in your Association.

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CLASSIFICATION OF PAPER FOR TARIFF PURPOSES.

*Copy of a letter No. 794 dated 27th June 1936, from the Chamber to the Government of India, Commerce Department.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to refer to the Government of India, Commerce Department Resolution No. 202-T(3)-35 dated 23rd May 1936, in regard to the Tariff Board's recent Report on the classification of Paper for tariff purposes. In paragraph 4 of the Resolution, the Government of India state that their decision of generally accepting the recommendations of the Board "involves a not inconsiderable extension of the range of protection now enjoyed by the Indian paper making industry" and that they "are of opinion that it affords an appropriate opportunity for reviewing the necessity or desirability of maintaining the extra measure of protection which was fortuitously afforded to the paper industry.....by the imposition of the revenue surcharge of 25% in 1931." It is further stated that "the Government of India propose therefore to undertake forthwith a departmental enquiry as to whether the continuance of the surcharge on the paper protective duties is any longer justifiable.

The Committee do not intend to enter here into a lengthy discussion as regards the measure of protection enjoyed by the Indian paper making industry and as to whether under the present state of affairs, the removal of the surcharge would not be detrimental to the progress of the indigenous industry. The Committee are, however, surprised to note that the Government have made the "extension of the range of protection" a ground and an occasion for the removal of the surcharge. Ordinarily, a surcharge is only a revenue measure though the Committee are aware that revenue duties have had some share in encouraging many indigenous industries. But the fact should not be lost sight to that the 25% surcharges were levied as a purely revenue measure apart from any relation to the



question of protection to the industries concerned, so that the protection afforded to the particular industry should not be reduced merely because the industry subsequently received some benefit by revenue surcharge.

The Committee therefore cannot but protest against the proposal of the Government to make a question relating solely to protection the occasion for undertaking a departmental enquiry as to the justification of the continuance of the surcharge on the paper protective duties. In the opinion of the Committee, this would constitute a very undesirable precedent and they would, therefore, earnestly request the Government to drop the proposal for the present.

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POSSIBILITY OF INDIAN JUTE MANUFACTURERS BEING SUBJECTED  
TO IMPORT DUTY IN THE UNITED KINGDOM.

Letter dated 12th December 1936.

From the Chamber to

- (1) G. D. Birla, Esq.
- (2) Sir Purshotamdas Thakurdas.
- (3) Seth Kasturbhai Lalbhai.

I am directed by the Committee to forward to you herewith\* a copy of a press report which appeared in the 'Statesman' of 2nd December 1936. The Committee would like to draw your attention to the fact that at present jute manufactures of Indian origin are admitted free of duty in the United Kingdom, while jute manufactures from other countries are subjected to an *ad valorem* 20% duty. If this preference is lost, jute goods from India entering the United Kingdom will be liable to the 20% duty, now imposed on "foreign" imports of this description. According to the press Report the poor condition of the Dundee Jute Industry may be made a pretext for the imposition of this duty as a measure of protection for the home industry.

The Committee do not consider it necessary to dwell here at length upon the present sad plight of the Indian Jute industry, but have deemed it advisable to bring the above Press Report to your notice and they trust that you will kindly keep the same in view

while the discussions for the proposed Indo-British Trade agreement are carried on and see that no handicap is placed on the Indian Jute Industry.

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POSSIBILITY OF THE UNITED KINGDOM LEVYING AN IMPORT  
DUTY ON JUTE WEBBINGS.

Letter No. 1777, dated 11th November 1936.

From the Chamber to the Government of India,  
Commerce Department.

It has been brought to the notice of the Committee that the Government of the United Kingdom contemplate to levy an import duty on Jute Webbings. The Committee would like to point out that the imports of jute webbings in the United Kingdom are chiefly from India and that there is no indigenous production of this commodity in the United Kingdom. The incidence of this taxation, if levied, will therefore fall, as you will perceive, on the manufacrturers of jute webbings in India, which would be very hard on them especially in view of the present sad plight of the Jute Industry in his country. The Committee would, therefore, request you to kindly convey the feelings of Jute manufacturers to His Majesty's Government in the United Kingdom and impress upon them the desirability of not placing any handicap in the way of the Jute Industry in India. The Committee would further suggest that the opportunity of the negotiation now being carried on between the Government of India and the Government of the United Kingdom for the conclusion of a free Trade Agreement may also be utilised for pressing this point of view. The Committee shall be obliged if you will kindly let them know the action that is being taken in the matter.

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*Copy of letter No. 22-T(6)/36 Part dated 23rd November 1936, from the Government of India, Department of Commerce to the Chamber.*

With reference to your letter No. 0177 dated the 11th November 1936, regarding the tariff treatment in the United Kingdom of Jute Webbings imported from India, I am directed to say that the views expressed therein have been noted by the Government of India.

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DIFFICULTIES EXPERIENCED BY KIRANA MERCHANTS IN LANDING  
THEIR GOODS AT NO. 9 JETTY.

Letter No. 635 dated 21st May 1936.

From the Chamber to the Collector of Customs, Calcutta.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta has been drawn to certain difficulties which the Kirana Merchants are experiencing in regard to the landing of goods at No. 9 jetty. The Committee understand that the Kirana Merchants were formerly provided with two cranes but for the past one year or so, they are given only one crane for unloading their cargo which causes great delay and consequent loss. The Committee learn that a cargo of about 60 dinghies and boats is at present lying alongside the jetty and considering that it is hardly possible for one crane to unload five to six dinghies in a day, it will be realised that an unduly long period of time would be taken to handle the whole cargo. In fact, the arrival of further steamers would make the position worse. The hardship is particularly great at the present time when Betelnuts of the New Season are being imported and the delay in disembarking the cargo causes the Kirana Merchants much inconvenience, and loss in the weight of the betelnuts. The Committee wish to add that while a steamer takes only five days to arrive from Penang to Calcutta with its cargo, the delivery of cargo in Calcutta to the Merchants takes even a greater time, *i.e.*, from 7 to 8 days which is obviously very unreasonable. The Committee understand that at present there is no period fixed within which time cargo should be unloaded after the arrival of boats. In order to remedy this defect, the Committee would suggest that Customs Authorities should fix a time-limit, say, three days within which cargo should be delivered after the arrival of steamers. The Committee feel that such a provision will not only obviate the necessity of keeping additional number of cranes permanently, which may at times be idle, but it will also remove the grievance of the Kirana Merchants. The Committee trust that the Customs Authorities will be good enough to make this provision at an early date.

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*Copy of letter No. A 3600 dated the 2nd June 1936, from the  
Assistant Collector of Customs, for Appraisement,  
Calcutta, to Chamber.*

I have the honour to refer to your letter No. 00635 dated the 21st May 1936.

2. I have arranged that the position at Shed No. 9 will henceforward be reviewed daily by the Principal Appraiser Jetties who will take such steps as may be necessary to avoid delay and congestion.

3. Kindly send a representative to call on this officer whenever any difficulties are experienced.

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#### IMPORT DUTY ON BAKELITE RAW MATERIAL.

*Copy of letter No. 964 dated 31st July 1936, from the Chamber  
to the Government of India, Commerce Department.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to invite your attention to the necessity of reducing the import duty on Bakelite raw material. The Committee understand that at present there is an equal amount of duty i.e., 30% on Bakelite, both raw material and manufactured goods. This obviously makes it very difficult for the indigenous manufacturers to compete successfully with manufactured articles of Bakelite imported from foreign countries. The Committee feel that with a reasonable reduction in the present amount of import duty on raw material, there would be an appreciable development of Bakelite industry in the country. The Committee would therefore request the Government of India to consider the advisability of reducing the import duty on Bakelite raw material to a reasonable extent with a view to enable the indigenous manufacturers to compete successfully with imported articles. The Committee would be glad to know at an early date the steps that the Government of India propose to take in the matter.

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*Copy of letter No. 49-T(1)/36 dated 24th September 1936,  
from the Government of India, Department of  
Commerce, to the Chamber.*

*Import duty on Bakelite raw material.*

In reply to your letter No. 00964 dated the 31st July 1936, on the above subject, I am directed to say that, they are unable to accede to your request for the reduction of the import duty on Bakelite powder.

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Letter No. 1661, dated 12th October 1936.

From the Chamber to the Government of India, Commerce  
Department.

*Import duty on Bakelite raw material.*

I beg to acknowledge with thanks the receipt of your letter No. 49-T(1)36 dated 24th September, 1936 in reply to the Chamber's letter in the above connection. The Committee regret to note that the Government of India do not propose to comply with the Chamber's request in regard to the necessity of reducing the import duty on Bakelite raw material, though they have not been good enough to state the reasons for not acceding to the Chamber's request.

The Committee desire to point out that the Bakelite industry is a new industry in India and in order to enable it to maintain itself against the competition from imports of foreign bakelite finished products, it needs a sympathetic consideration from the Government. The Committee may point out in this connection to the policy which the Indian Fiscal Commission laid down in their Report that raw materials required for Indian industries should ordinarily be admitted free of duty. The Committee fail to understand why Bakelite raw material should continue to be subjected to an import duty when it acts as a great handicap to the development of an indigenous Bakelite Industry.

The Committee would therefore request the Government of India to reconsider their decision in this connection and to be good enough to abolish the import duty on Bakelite raw material having regard to the interests of the Bakelite Industry in the country.

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*Copy of letter No. 49-T(2)/36 dated 30th October 1936, from the Government of India, Department of Commerce, to the Chamber.*

*Import duty on Bakelite Raw material.*

In reply to your letter No. 1661 dated the 12th October 1936, on the above subject, I am directed to invite your attention to the answer given to question No. 45 asked by the Hon'ble Sir Phiroze Sethna in the Council of State on the 28th September, 1936 (Copy enclosed).

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*Import duty on Bakelite Moulding Powder and Finished Articles Made.*

45. The Hon'ble Sir Phiroze Sethna :—Are Government aware that the bakelite moulding industry is an industry which depends on Bakelite powder as its raw material and that the duty on this powder is 25 per cent. while the duty on finished products made therefrom is at 25 and 30 per cent.

The Hon'ble Mr. H. Dow: The duty on bakelite moulding powder is 25 per cent. *ad valorem*. The import duty on the finished articles made therefrom is 20, 25 or 30 per cent. *ad valorem* according to the nature of the article and the country of origin. *Ad valorem* duties are calculated on the value of the article as it is at importation so that bakelite powder as compared with articles manufactured from it, pays proportionately less duty. Enquiries made by Government go to show that moulded goods are also being manufactured in this country from Indian lac and a reduction of duty on moulding powder (bakelite or other types) would affect prejudicially the prospects of such manufacture from indigenous natural lac.

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DELETION OF THE HEAD "VEGETABLE PRODUCT" FROM THE  
TARIFF VALUED LIST.

*Copy of letter No. 14183 C. I. C. dated 24th August 1936, from the Director General of Commercial Intelligence and Statistics, to the Chamber.*

Proposed changes in the tariff classification notified under Government of India Commerce Department Notification No. 73-T(15)/35 dated the 16th December 1935.

I enclose a statement\* showing certain additions and alterations proposed in the existing tariff-valued heads. These are for consideration at the time of the next annual revision of tariff values and I shall be much obliged if your Chamber will kindly examine them meanwhile and furnish me with its views by the 21st September next.

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Letter No. 1335, dated 14th September 1936.

From the Chamber to the Director General of Commercial  
Intelligence and Statistics.

I am directed to refer to your letter No. 14183 C.I.C. dated 24th August 1936, in regard to the proposed changes in the existing tariff valued heads of certain articles and to say that the Committee of the Chamber have no views to offer in connection with the proposed tariff values of Chunks and Tennis balls. As regards the deletion of the tariff valued head "Vegetable product" and the changes proposed to be made in the Heads, "Mineral Oil etc." and "Camphor" etc., the Committee of the Chamber do not take exception to the proposals.

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Letter No. 1614, dated 7th October 1936.

From the Chamber to the Director General of Commercial  
Intelligence and Statistics.

I beg to refer to your letter No. 14183-C.I.C., dated 24th August 1936 in regard to the proposed changes in the tariff valued heads of certain articles. The Committee of the Chamber communicated their views in this connection as per their letter No. 1335 dated 14th September 1936, in the course of which it was stated that they did not take exception to the proposed deletion of the tariff valued head "Vegetable products". Since then, however, the Committee learn from one of the members of the Chamber interested in this article, that the proposed deletion of the head "Vegetable Product" would adversely affect the indigenous vegetable products industry and would assist the importers to dump the foreign commodity in India.

The Committee understand that prices of manufactured vegetable products, and oils which are suitable for the manufacture of vegetable product, are subject to wide fluctuations in the market. The Committee therefore feel that if vegetable product is removed from the tariff valued list, the fluctuations in prices would give an opportunity to several importers to make misdeclarations as regards the value of the product, which would work to the detriment of the indigenous industry. The Committee are therefore of the opinion that "vegetable product" should not be removed from tariff valued list.

The Committee trust that you will kindly give your careful consideration to the above and drop the proposal.

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#### INCREASED PROTECTION TO SILK INDUSTRY.

*Copy of a letter No. 9976-G/10-S(1)35 dated the 31st August 1936, from the Director of Industries, Bengal, Calcutta, to the Chamber.*

I have been requested by the Director, Department of Industries, Government of Mysore to ascertain and let him know if any private individual or registered body interested in the Sericultural Industry is willing to co-operate with the Mysore Silk Association in their proposed deputation on the Hon'ble Members for Commerce and Industries and Labour of the Government of India in order to represent the urgent need for enhanced protection to the indigenous Sericultural industry. I have therefore to request you to kindly let me know for the information of the Mysore Director of Industries if you are in a position to extend your co-operation in the matter. If so, the nature and extent of the same may also be kindly intimated.

An early reply will be appreciated.

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*Copy of letter No. 384 dated 31st August 1936, from the Mysore Chamber of Commerce, to the Chamber.*

As you are aware, the Mysore Chamber of Commerce, the Mysore Silk Association and the Mysore Government have been



putting forth their best efforts to enlist the sympathy of the Government of India on the matter of obtaining adequate protection to the Indian Silk Industry.

A suggestion has now been made to the Chamber by some members that a deputation should wait on the Commerce Member of the Government of India and press the case of protection for silk on the attention of the Government of India, as a personal discussion of the question with the authorities cannot fail to carry greater weight with them. It has accordingly been proposed to carry out their plan and in the meanwhile, to explain the position to the other Chambers of Commerce and persuade them to adopt similar action and arrange to send similar deputations, so that the case may be presented to the Government of India with all the force of strength of which the Indian commercial community is capable.

I am to express the hope of the Committee that your Chamber will co-operate with this Chamber on a question which affects the commercial community as a whole.

May I request you to kindly let me know what action your Chamber proposes to take on the suggestion.

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Letter No. 1367, dated 16th September 1936.

From the Chamber to the Director of Industries, Bengal.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to refer to your letter No. 9976-G dated 31st August 1936, in connection with the proposed deputation of the Mysore Silk Association on the Hon'ble Members for Commerce and Industries and Labour of the Government of India and to say that the Committee of the Chamber fully support the demand of the Mysore Silk Association for increased protection to the indigenous Silk Industry. The Silk Industry is one of the important small scale industries of India and the Committee of the Chamber strongly urge that the measure of protection given to the Silk Industry should be adequately increased to enable the industry to survive competition from foreign imports.

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PLEA FOR INDUSTRIALISATION OF INDIA  
IN ORDER TO CURE UNEMPLOYMENT.

Letter No. 509, dated 23rd April 1936.

From the Chamber to the Government of India,  
Finance Department.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn to the speech of the Hon'ble Sir James Grigg delivered at the Legislative Assembly on 19th March 1936, in reply to Pandit Govind Ballabh Pant and Sir Hormusji Modi who pressed for the development of industries in the country. The Hon'ble the Finance Member created the impression that the new theory of industrialisation as a cure for unemployment in general and middleclass unemployment in particular was entirely wrong and he therefore made an effort through his speech to "debunk" this theory before it gets too great a hold on men's minds. He also appears to think that if India ceases to import any manufactures from abroad the additional industrial employment created in the country would not be more than half-a-million labourers which means adding one-third only to the present factory population. He also referred to the burden of protection running into several crores and even observed that industrialisation by high protection is no solution of the problem of unemployment. He also stated that the converse effect of shutting out all foreign manufactures should be considered and added that there would be a serious diminution in the number of persons employed for export as a result. The Committee are surprised at this view of the Hon'ble the Finance Member inasmuch as Indian public opinion has for more than half-a-century unanimously and unequivocally demanded a rapid industrial development for economic advancement and amelioration of the country; for that purpose, the country has consistently asked for protection for its industries; and in response to that demand and after thorough and complete investigation, the Government of India have accepted and adopted a policy of discriminating protection and consequently protective tariffs have, in fact, been imposed in a large number of cases.

The Committee are definitely of opinion that the policy of protection has, to the extent that it has been granted, fully justified

itself. The Committee would merely state a few instances by way of illustration:—

Taking first the case of the Cotton Textile Industry, the number of spindles and looms have increased as follows during the last 21 years:—

Year.			Spindles.	Looms.
1913	...	...	65,96,862	94,136
1920	...	...	67,63,076	1,19,012
1925	...	...	85,10,633	1,54,292
1930	...	...	91,24,768	1,79,250
1934	...	...	96,13,174	1,94,988

The consumption of Indian Cotton by the mills in India had increased as follows:—

Year.			Consumption in bales (400 lbs.)
1913	...	...	20,96,016
1920	...	...	19,52,318
1925	...	...	22,26,310
1930	...	...	25,73,714
1934	...	...	27,03,990

It is well-known that the cloth imported in India is almost wholly manufactured from foreign cotton and not Indian cotton and it can therefore be definitely stated that the Indian Cotton consumed by Indian Mills would not have been consumed but for the development of the Textile Industry within the country. The value of the 27 lakhs of bales of cotton which is consumed by textile mills in India amounts to not less than Rs. 25 crores. The agriculturists in the country have, it is therefore clear, directly benefited to that extent on account of the existence and growth of this industry. The number of people employed in the industry exceeds four lakhs and the people benefited are not only those engaged in the industry, but also a far larger number engaged in subsidiary and ancillary trades and manufactures. The wage bill of the textile mills amounts to about Rs. 20 crores which directly goes to the people who would otherwise have been dependent on land. Moreover, the grant of protection has not only benefited the large-scale industries but also cottage industries, as will appear from the following figures of Hand-loom production.

Year.	Estimated Handloom production. Yds. in Crores.		
1913-14	...	...	107
1920-21	...	...	115
1925-26	...	...	116
1930-31	...	...	139
1934-35	...	...	146

Several lakhs of people have undoubtedly benefited by the development of handloom production. It is further obvious that the development of large-scale industry and cottage industries has taken place simultaneously and while imported piece-goods had reduced hand-loom production to an almost negligible quantity, the existence of large-scale industry under the policy of protection has, on the other hand, helped the development of cottage industry. A persual of the figure re: the increase in spindles, looms, consumption of cotton and estimated hand-loom production from the year 1913 to 1934 will show that the increase up to 1920 was very small or nominal and that the increase after that period has been considerably greater as a direct consequence of the policy of protection.

The Committee would next refer to the Sugar Industry. It is well-known that imported sugar had very nearly rendered impossible the establishment of White Sugar Manufacturing Industry in the country. But owing to the grant of protection in 1932, about 150 sugar factories are now working all over the country. In the season 1935-36 these factories crushed about 80 lakhs tons of cane of the value of about Rs. 6 crores, and this quantity of cane would not have been grown but for the development of a large-scale sugar industry. There is no doubt whatever that the agriculturists especially of the United Provinces and Bihar have directly benefited by the development of this industry. All this benefit would have been lost to the country if large-scale industry had not developed. The manufacturing profits, wages, excise duty, etc., are also being retained in the country and the total amount of the money thus saved in the country comes to about Rs. 14 crores. In this case also, as in the Cotton Textile Industry the Cottage Industry, *viz.*,

the manufacture of *Gur* has developed parallel to the development of large-scale industry as can be seen from the following figures.

Year.	Quantity of Gur Manufactured Tons.	
1931-32	...	27,72,000
1932-33	...	32,45,000
1933-34	...	35,97,000
1934-35	...	36,92,000

The Committee would now refer to the Steel Industry. Since the grant of protection in 1924 the production of steel in India has expanded as follows :—

Year	In thousands of tons	
1924-25	...	248
1925-26	...	320
1926-27	...	374
1927-28	...	429
1928-29	...	276
1929-30	...	412
1930-31	...	434
1931-32	...	450
1932-33	...	427
1933-34	...	531
1934-35	...	603
1935-36	...	646

In the year 1934-35 India supplied 75% of the total consumption of steel of the kinds manufactured in the country. In 1935-36 the percentage was 73.

The number of men employed by the Tata Iron and Steel Co. in the Works, Offices, Mines, Quarries, etc., is about 50,000. A town with a population of 84,000 has grown up at Jamshedpur. The annual wage bill of the Steel Company is over Rs. 2 crores.

The rail freight paid by the Company is Rs. 1½ crores per annum. About Rs. 5 lakhs per annum are paid in Customs duty and a corresponding amount for Port charges and a similar amount is paid annually in the shape of income-tax on the salaries of the employees of the Steel Company. Besides these, there are payments to Government in the shape of stamp duties, telegrams and postage charges, duty and license fees on country liquor consumed at Jamshedpur; together with an average payment of Rs. 3 lakhs per month for the excise duty on steel. The annual disbursement of the Company is five crores of rupees. The growth of the Steel Company has led to the development of a number of ancillary enterprises in Jamshedpur and outside, such as the Tinsplate Company, the Wire Products, refractories and brick manufacturers, etc. The total number of men employed directly and indirectly by the Tata Iron & Steel Co., the rerolling mills and the ancillary enterprises mentioned above must be in the neighbourhood of 100,000 and their disbursements about Rs. 8 or 9 crores per annum. But for the grant of protection the country would have lost all this benefit. Nor would there have been a trained body of Indian craftsmen, mechanics and engineers which the development of the steel industry has rendered possible.

An assumption which is often made is that the burden to the consumer is represented by the exact amount of the protective duty. This is a gratuitous assumption firstly because even in the absence of a protective duty there would have been some duty for revenue purposes and, secondly, there is absolutely no warrant for the assertion that in the absence of any duty whatever, the foreign importer would have sold the material in question at a price equivalent to the prevailing price minus the duty. There is no reason to suppose, especially in these days of cartels and combines, that the foreigner, if left with a free market to himself, would have sold his goods at an appreciably lower price. Given the opportunity, he might even have sold at a higher price. The following table, which compares the average pre-War, the 1924 and the 1936 prices of steel products is highly instructive and proves conclusively that so far as steel is concerned, the hue and cry often raised, with motives other than consideration of the interests of the consumer, about the burden of protection to the consumer is entirely false and unjustified.

			Average prices for 3 pre-War years (adjusted to 10% duty to compare with 1924 figures).	1924 Before pro- tection was introduced.	1933 with Protec- tion.
			Rs. per ton.	Rs. per ton.	Rs. per ton.
Bars	...	...	110	154	120
Structurals	...	...	123	160	122
Plates	...	...	123	165	122
Black sheets	...	...	164	220	142
Galvd. sheets	...	...	218	330	190

Another consideration is also very relevant in connection with this argument of the interests of the consumer and the taxpayer. Again taking the instance of the steel industry, by the end of 1933-34, the Tata Iron & Steel Co., had obtained, on account of protection, a sum of Rs. 755 lakhs while the gain to the Government revenues on account of the increased customs duty amounts to Rs. 815 lakhs. If this revenue had not accrued to the Government in the shape of Customs duties on steel, it would have had to be made good from the tax-payer in some other shape or form. If there has been no protection, the burden on the tax-payer would therefore have been the same, the country would have lost the enormous benefit of having a basic industry like steel firmly established, while the consumers would have been no better off and probably even worse off. The increase in efficiency and the consequent reduction in the protective duty enables the consumer in the country to satisfy his demand at a greatly reduced price. A striking instance of this is the fact that the Government of India is now obtaining all the rails required for its Railways at a price of Rs. 95 per ton which is at least Rs. 10 per ton lower than it could possibly obtain in the World market.

The fallacy in Sir James Grigg's argument is that he has entirely neglected the indirect benefits accruing to a country from the development of industries and the expenditure of money within the country itself. This is a fact not only emphasised by economists like Mr. Keynes but is one of the bases of the economic policy of most countries to-day. It governs President Roosevelt's policy in

the United States and forms the underlying principles of Mr. Lloyd George's recent proposals regarding the New Deal in England, many of the features of which have been accepted by the present Government of Great Britain.

It is also fallacious on the part of the Finance Member to assume that if new industries were developed in India, her import trade would cease to exist and her export trade would correspondingly diminish. It is a common economic fact that increased trade and prosperity stimulate demand in various directions not existing before. The establishment of the steel industry, for instance, has led to a demand for imported machinery which would otherwise have been non-existent. The Committee believe that the increased prosperity which will follow in the wake of industrialisation will stimulate both her exports and her imports by increasing the purchasing power of the people. The desire for a balanced economy for the country is not based upon the arguments of an antiquated German economist but upon the practice and example of all progressive free countries in the World to-day.

The Committee feel confident that the above illustrations will satisfy the Hon'ble the Finance Member that the development of industries cannot but be beneficial to the country, including the agriculturists and middle classes. But for the development of industries, the misery of unemployment and the pressure of population on land would have been far greater than what they are to-day. The speeches of the Hon'ble the Finance Member discouraging the grant of protection are often interpreted by the public as implying an official policy against protection and have an extremely unfortunate and adverse effect on the growth of industries. It is surprising that at this stage, the very basis of the policy of the Government in regard to protection and development of industries should be challenged by the Hon'ble the Finance Member and doubts expressed about the elementary principles, which are accepted and which, if anything, should be more vigorously put into practice. It is hardly necessary for the Committee to refer here to the fact that industries have been brought into existence in a large number of countries, by the grant of full-fledged protection, bounties, subsidies or other indirect methods. Being industrially backward, and having to make a considerable leeway in the matter of her



industrial development, even greater encouragement is necessary in this country, and for that purpose it is the duty of the Government of India, as custodian of the interests of this country to render the fullest assistance by giving adequate protection. The Committee hope that the Government will give their careful consideration to this question and take suitable steps to reassure the public that they will give effect to the policy of protection less haltingly and in a more wholehearted manner than has been done hitherto.

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## FINANCE.

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### BUDGET PROPOSALS OF THE GOVERNMENT OF INDIA FOR 1936-37

Copy of telegram dated 29th February 1936.

From the Chamber to the Government of India,  
Finance Department.

#### *Budget Proposals for the Year 1936-37.*

"Committee Indian Chamber of Commerce feel greatly disappointed to find that there has not been a complete remission of the succharge on Income-tax and Super-tax although the same was imposed as an emergency measure and was expected to be of a temporary duration stop Committee consider that the Finance Member's estimates of revenue are again far on the conservative side, and they feel that they will doubtless yield a greater surplus of revenue. Committee also urge that the rates for post card should be reduced to six pies in general public interest.

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### REPORT OF SIR OTTO NIEMEYER ON THE INDIAN FINANCIAL ENQUIRY.

Letter No. 612, dated 12th May 1936.

From the Chamber to the Government of India, Finance Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to address you on the Financial Enquiry

Report submitted by Sir Otto Niemeyer. The Committee have carefully considered the Report and have to make the following observations.

Sir Otto Niemeyer states in paragraph 3 of the Report that "from the Central point of view, it is clear that the financial stability and credit of India as a whole must remain the paramount consideration." While the Committee do not wish to object to the statement of the position, they desire to point out that the needs and requirements of the Central Government are comparatively limited whereas the functions of the Provinces are capable of indefinite expansion. Most of the services which are socially and economically beneficent to the people of the country are provincial in character, *e.g.*, education, public health, agriculture and industries. The Committee would, in this connection, recall the observations of Sir Walton Layton in his report on Indian finance embodied in the report of the Indian Statutory Commission presided over by Sir John Simon. Sir Walter Layton stated that "in time of peace military budget should be a stationary or diminishing burden and not an increasing one. National enterprises such as the Post office and the Railways should feed and not be a charge upon the Central Exchequer; and while the functions of the Central Government in civil administration may be expected to grow, the expenditure involved is a very small affair indeed, compared with that required for a nation-wide development of education, for the improvement of public health and sanitation, for the services charged with the great task of increasing the economic productivity of India and many other functions which have been definitely placed within the sphere of the Provinces." The Committee wish to emphasise this aspect of the question which should always be recognised in determining the financial relations between the Central and Provincial Governments in India. Moreover, it is well-known that Provincial sources of revenue are comparatively inelastic while an examination of the new sources of additional revenue by the Federal Finance Committee presided over by Lord Percy showed that the prospects of increase in this direction also were not encouraging. It has been the considered view not only of Indian commercial bodies and Indian non-officials but of impartial committees and experts that India is incurring expenditure on the primary functions of Government such as defence and maintenance

of law and order which is as high in proportion to her wealth as Western nations, while her expenditure on social services such as education, sanitation, industrial and agricultural improvement etc. is far behind Western standards and is in many directions almost non-existent. If, therefore, the standard of life of the people as a whole is to be raised, the paramount importance of Provincial finance cannot be ignored. The present allocation of resources between the Central and Provincial Governments has evoked criticism of every expert enquiry from that of Sir Walter Layton to the Percy Federal Finance Committee. The Joint Parliamentary Committee, after reviewing such criticisms, stated in paragraph 245 that "from the point of view of expenditure, the essentials of the position are that the Provinces have an almost inexhaustible field for the development of social services while the demands upon the Centre, except in time of war or acute Frontier trouble, are almost constant in character. The Provinces rarely have the means adequate for a full development of their social needs. The resources of the Centre comprise those which should prove most capable of expansion in a period of normal progress." It is also essential to emphasise that the advent of the Indian States into Federal Government would render difficult any subsequent reallocation of fiscal resources and readjustment of financial relationship between the Centre and the Provinces or States.

The Committee also desire to draw attention to some large assumptions made by Sir Otto Niemeyer, which cannot be accepted by Indian public opinion and Indian commercial bodies. For instance, Sir Otto observes that "expenditure at the Centre cannot be expected, consistently with safety, to decrease much below the point to which it has now been reduced." The Committee cannot possibly agree to this proposition in regard to Central expenditure. For example, there is unanimity of opinion on the question that the current expenditure on defence is an unduly heavy item. Sir Walter Layton in his report on Indian Finance, referred to before, observes that the expenditure on defence in India bears to the total expenditure of the Central Government a higher proportion than in any other country of the world and that since the high "defence ratio" in Indian Government expenditure is partly due to the low level of other expenditure, "it remains a peculiarly burdensome one." Sir Walter Layton also mentions that "a recent comparison of the

military expenditure of the nations of the world shows that in this respect India is 7th in the list among the great Powers and that her expenditure on armaments is between two or three times as great as that of the whole of the rest of the Empire outside Great Britain. Again, the total is not only high in itself and as compared with other countries, but it has also greatly increased as compared with the pre-war situation."

But even apart from military expenditure, however, there is no doubt that the cost of general administration is high owing to the level of salaries which bears no proportion to the ability of the tax-payer. The Percy Committee also drew attention to the opinion widely held in India that the cost of Government already exceeds what can properly be borne by a predominantly agricultural country and Sir Walter Layton too recognised the justice of this common complaint about the cost of general administration. There is no doubt that the entire expenditure of the Government, both Central and Provincial, including the scales of salaries, allowances etc., needs to be readjusted on the basis of reduced price levels, depressed trade and shrinking revenues. Even apart from world conditions, the hard facts of Indian economy and low average income demand a far less costly administration. The main difficulty in regard to public finance in India arises from the fact that while the expenditure on primary and unproductive functions has been stabilised at an unduly high level, the constructive services are thereby starved unless the people are prepared to tax themselves further even in order to maintain such services. The Committee need hardly point out that under the New Constitution, nearly 80% of the Central revenues have been mortgaged to the maintenance of military and civil establishments and cannot be touched by the future Federal Legislature. Even railway expenditure will, after the establishment of the Statutory Railway Board, be outside the control of the Federal Legislature. The Committee can hardly feel enthusiastic about the recommendations of a Report whose underlying assumption is that the present exorbitantly high scale of Central expenditure cannot be reduced with the logical corollary that taxation also cannot be reduced. The Central budget has been balanced during the last few years only by making emergency taxation permanent and the credit of the Government and the surplus in the Central budget are hardly reflected in any improvement in the economic condition of the masses.

The Committee regret to point out that no co-ordinated plan of Federal Finance underlies the recommendations of Sir Otto Niemeyer, which are frankly formulated with a desire to placate and accommodate different interests and rival claimants according to their respective political "pull." The Committee are aware that the problem of financial adjustments between the Centre and the Provinces is a very complex and difficult one and has hitherto been dealt with in a somewhat haphazard manner by more than one Committee and expert in the past. It was, therefore, expected that Sir Otto Niemeyer would at least view the problem as a whole and deal with it in a comprehensive manner after determining the needs and capacities of different Provinces.

The Committee would now pass on to Sir Otto Niemeyer's recommendations about Bengal. The Committee are glad to observe that Sir Otto acknowledges that "Bengal is clearly on a low standard" so far as its standard administration is concerned. He has, therefore, recommended the grant of relief to Bengal as under :—

Cancellation of debts leading to an			
annual saving of ...	...	Rs. 33 lakhs per annum.	
Allocation of additional 12½% jute			
export duty, yielding	...	„ 42 „ „ „	
<hr/>			
TOTAL ... Rs. 75 lakhs.			

Although these recommendations constitute some improvement on the inequitable Meston Settlement, the Committee regret to observe that full justice has not been done to the claims of Bengal and the unanimous demand of its public have not been adequately met. The Committee see no reason why the Government should not allot the balance 37½% of the jute export duty also to the Provincial Governments. While the general principles enunciated by Sir Otto Niemeyer in paragraph 22 of his Report might be valid, it is essential to point out that they have little application to the peculiar conditions of Bengal. Since Bengal's economy is directly dependent upon the production trade and manufacture of jute, any revenue derived from this commodity is an integral part of Provincial finance and should, in equity, be assigned to the Province itself. The conditions in this case are rather exceptional owing to

jute being a monopoly of this Province. Moreover, although the duty might and does require revision and reduction both in the interests of jute growers and jute manufacturers, the question cannot receive impartial consideration from the Central Government which would be mainly interested in realising revenue from the yield of such a duty. It is, therefore, essential that the Province which has a primary financial interest in jute, should be allotted the entire proceeds of the duty. The low revenue of Bengal as well as Bihar and Orissa in proportion to their population was also pointedly mentioned in Sir Walter Layton's report and the public finance of this Province must not be deprived of the yield of a duty whose incidence is almost wholly borne by its people.

The Committee would next refer to the distribution of Income-tax. Before coming to this question, however, the Committee would record their strong protest against the observations of Sir Otto Niemeyer in regard to the stabilisation of the present surcharges on Income-tax and Super-tax. The Committee have to point out that these observations are in the nature of *obiter dicta* and do not constitute in any way a part of the Report nor are the recommendations based upon these remarks. Without going into the larger question of reform in the present system of taxation in the country, the Committee would point out that the Government are definitely committed to the removal of these surcharges which were levied owing to an emergency and were of a purely temporary nature. The Committee trust that the Government will not take advantage of the general observations in Sir Otto Niemeyer's Report to perpetuate these surcharges since it would be a breach of the undertaking given by the Government in regard to the removal of these surcharges.

The other general observation of Sir Otto Niemeyer relates to the problem of railway finance. In his Report Sir Otto has made the assignment of Income-tax to the Provinces dependent upon improvement in the condition of railway finance. Despite past investigation into the various aspects of this problem, the condition of railway finance is causing serious anxiety and requires immediate and substantial efforts to improve it effectively. The Committee trust that railway expenditure would be completely overhauled and economy effected in all possible directions alongwith efforts to attract traffic. In this connection the Committee would

suggest that the losses on the strategic railways should be charged to the military budget and all waste and extravagance in the railway administration should be prevented. Efforts should also be made to attract traffic and enhance revenue by co-ordination with other means of transport.

As regards the distribution of taxes on income as between the Federation and the Provinces as well as between the various Provinces *inter se*, the Committee have to express disappointment at the recommendations in the Report. The Report recommends that the initial prescribed period under Section 138(2)(a) of the Government of India Act, 1935, should be five years, during which period the Centre may in any year retain out of the 50% assigned to the Provinces and Federated States, the whole or such sum as, together with any general budget receipts from the railways, will bring the share accruing to the Centre, up to Rs. 13 crores, whichever is less. It also recommends that the second prescribed period as per section 138(2)(b) should be five years and the amount to be retained by the Centre during this period should be for the first year, five-sixth of the sum, if any, retained in the last year of the first period, decreasing by a further sixth of that sum in each of these succeeding five years. As regards the manner of distribution among the Provinces themselves, Sir Otto Niemeyer considers that the scale of distribution should be fixed partly on residence and partly on population.

In this connection, the Committee have, in the first place, to point out that the retention of any share of Income-tax receipts by the Centre has been a sore point with the Provinces ever since the Meston Settlement. The Peel Committee recommended, in fact, that taxes on income should be entirely transferred to the Provinces. The principal source of receipt which might appreciably augment the revenues of the Provinces from the outset of Provincial Autonomy is a share of the taxes on income and Sir Otto Niemeyer also recognises that Income-tax is the main hope of the Provinces which stand in need of financial resources. According to this recommendations, however, the Provinces will continue to be starved of this source of revenue almost completely at least for the first five years after the inauguration of Provincial Autonomy and even subsequently only 50% of the total revenue realised from Income-tax

would at any time be distributed. It is regretted that among the Provinces no provision has been made for the whole of the yield to be transferred to the Provinces even after the second prescribed period. This would mean that although the Provinces would have rapidly expanding needs the sources of revenue assigned to them would not be sufficiently elastic and would not show signs of adequate growth, whereas the Central sources of revenue which have to meet comparatively stationary needs would be expanding or be capable of expansion.

As regards the manner of distribution, the Committee cannot help observing that in trying to avoid rigid pedantry, Sir Otto Niemeyer has applied a mere rule-of-thumb method which is obviously haphazard. Sir Walter Layton in enunciating the general principles of financial relations stated that the only simple, intelligible and equitable basis of distribution of centrally collected taxes in accordance with the needs of the various Provinces is that of population. This basis has precedents in several Federations including those within the British Empire. The application of the rough-and-ready compromise made by Sir Otto Niemeyer between the principle of population and the principle of residence has been particularly unfortunate so far as Bengal is concerned. For while the Percy Committee recommended for allocation to Bengal the amount of Rs. 405 lakhs out of a total amount of Rs. 1,350 lakhs available for distribution to the Provinces, *i.e.*, 30% of the total amount, Sir Otto Niemeyer recommends the allocation of only 20% to the Province of Bengal. Even taking into account the net total yield of Income-tax which was envisaged by the Percy Committee at Rs. 1,720 lakhs, the share of Bengal comes to about 24%. The Committee of the Chamber also desire to point out that while the percentage recommended in Sir Otto Niemeyer's Report for transfer to the provinces is the percentage ratio of only 50% of the net yield or of Rs. 6 crores only at the present figure, the percentage recommended by the Percy Report is the percentage of the total net yield of Income-tax, as shown above. Thus, in addition to having been severely handicapped along with the other Provinces by Sir Otto Niemeyer's recommendations in regard to the distribution of Income-tax only to the extent of 50% of the net yield, Bengal has been further hit adversely even as regards the allocation of the percentage of this 50% to her. So far as Bengal is concerned, therefore, the



Committee think that the financial relief recommended in Sir Otto Niemeyer's Report would not enable her to expand her social services or pursue a constructive programme of national welfare and they trust that the question of the allocation of the whole of the jute export duty as well as the question of assignment of a really fair share of Income-tax revenue would receive the favourable consideration of the Government of India and the Secretary of State before orders on this subject are finally placed on the table of the Houses of Parliament.

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#### STAMP DUTY ON INLAND BILLS OF EXCHANGE.

Letter No. 800, dated 30th June 1936.

From the Chamber to the Government of India,  
Finance Department.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn to the adverse effects of the existing stamp duties on the wide use of the Inland Bills of Exchange. The Committee understand that since the imposition of the Stamp duty on these Bills, their use has been decreasing to such an extent that at present hardly one-fifth of the former quantity of Usance Bills or Muddati Hundies is found to be in circulation.

The Committee understand that the present rate of Stamp duty on these bills is 18 pies per cent. As the bills current in the market are generally payable at 61 days, the duty works out at 9 pies per cent. per month or 9 annas per cent. per annum. The Committee are of the opinion that this exorbitant rate of duty is acting as a great handicap to the commercial community and several Commissions and Committees, as well as commercial bodies and associations have condemned this duty and urged its abolition, inasmuch as this high rate of stamp duty militates against a greater use of bills, and handicaps the internal trade and commerce of India.

The Committee would, in this connection, refer to the Report of the Royal Commission on Indian Currency and Finance, 1926, wherein they have recommended that with a view to promote the growth of these Inland Bills of Exchange, the Stamp duty on these bills should be abolished. The Indian Central Banking Enquiry

Committee, 1931, also supported the recommendation of the Royal Commission in this connection and further suggested that this recommendation should be given effect to within a period of five years in order that the necessary steps may be taken by the Provincial Governments to make good the revenue deficit consequent on the acceptances of the proposal.

The Committee of the Chamber regret that although five years have elapsed since the Banking Enquiry Committee recommended, neither the Government of India, nor the Provincial Governments have taken any step to abolish this duty or even to reduce its rate. The plea about the adverse effects of the abolition of the duty on the revenues of the Provinces no longer holds good, as the high rate of duty has led to such a decline in the use of these bills, that they are almost a negligible source of revenue at present.

The Committee consider that the necessity of abolishing this duty has been all the greater, after the establishment of the Reserve Bank in India, as the proper development of a bill market is regarded as essential for the proper working of Central Banking operations. In this connection, the Committee desire to point out that in America, the stamp duty on Bills of exchange was the first to be abandoned, when the centralised Banking System was instituted there. If the Government of India considered it desirable to remove the stamp duty on cheques in order to promote banking habits, the Committee feel that the duty on the inland bills of exchange should be removed, for the same reason, in order to develop the internal trade of India, and a sound discount market in this country.

In view of these considerations, the Committee are of opinion that the Government of India should take immediate action in order to do away with this iniquitous and harmful duty, and to help the proper working of Central Banking Operations in the country. The Committee would be glad if you would be good enough to let them know at an early date the steps which the Government of India propose to take in the matter.

## PUBLIC AFFAIRS.

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### GAMBLING AND SPECULATION AT THE TIME OF PUBLICATION OF JUTE FORECASTS.

*Copy of letter No. 681-85-A dated 15th January 1936, from the  
Department of Agriculture, Bengal, Dacca, to Chamber.*

I have the honour to refer to my Memo. No. 7576-605 dated the 8th May 1935, regarding the issue of the preliminary and Final Forecasts of the jute crop in 1935. The Procedure adopted was approved by Government as an experimental measure with a view to determining whether it would be effective in restricting gambling and speculation at the time of publication of the Forecasts. I have the honour to request that you may be pleased to forward the opinion of your Chamber as regards the effectiveness or otherwise of the procedure adopted with a view to determining whether it should be continued for future Forecasts.

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*Copy of a Memo. No. 7576-605, dated Dacca the 8th May 1935,  
from the Department of Agriculture, Bengal  
to the Chamber.*

#### *Jute Forecast.*

Representations were made to Government that gambling and speculation at the time of the publication of the forecasts could be restricted by the issue, spread over a number of days of the figures for districts, instead of issuing a consolidated figure for the three jute growing provinces on a particular date as has been customary.

With a view to determining whether this procedure can be effective, it has been decided that the district figures will be issued in groups for both the preliminary and the final forecasts of the present crop as an experimental measure. A consolidated statement giving the figures for the jute growing districts in the three provinces with the remarks of the District Officers and the Directors of Agriculture regarding the state of the crop and the weather conditions will be published as usual after the district figures have been issued. The first group of district figures will be issued on the

28th June, other groups following on subsequent dates. The consolidated statement for the Preliminary Forecast will be published on the 10th July.

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Letter No. 125, dated 30th January 1936.

From Chamber to the Director of Agriculture, Bengal.

I am directed to refer to your letter No. 681-85 dated 15th January 1936 inviting views of the Chamber on effectiveness of the procedure of issuing the Preliminary and Final Forecasts of the jute crop in restricting gambling and speculation at the time of publication of forecasts. The Committee of the Chamber have carefully considered the question and they are of the opinion that the present procedure of issuing the distinct figures in groups is better than the former procedure of issuing consolidated figures on a particular date for restricting gambling and speculation at the time of issue of forecasts. The Committee therefore feel that the present procedure adopted as an experimental measure, should be continued for future forecasts.

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#### PARKING FACILITIES IN CLIVE STREET.

*Copy of letter No. 3638 dated 7/8th April 1936, from the Traffic Advisory Board, Calcutta, to Chamber.*

I have been directed by my Board to invite your attention to the following extract from the Minutes of the 27th February 1936 meeting and to request you to favour me with the views of your Chamber for the consideration of the Board with a view to improving the existing parking facilities in Clive Street :—

"The President pointed out that the existing parking facilities in the Clive Street area were proving unsatisfactory and that a number of complaints were being received from business houses to the effect that vehicles setting down and picking up their clients had

to do so in the middle of the road owing to the number of vehicles parked on the kerb side. It was decided to obtain the views and suggestions of the Chambers of Commerce, the A. A. B., and other public bodies on the problem" The favour of an early reply is requested.

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Letter No. 493, dated 17th April 1936.

From the Chamber to the Traffic Advisory Board, Calcutta.

*Parking facilities in Clive Street.*

With reference to your letter No. 3638 dated 7th April 1936, I am directed to say that the Committee of the Indian Chamber of Commerce, Calcutta have carefully considered the question of the Parking facilities in the Clive Street, and they are of the opinion that the existing facilities are satisfactory. The Committee have therefore, to request you not to introduce any new regulation for parking at present, as the existing arrangement works well in the Clive Street.

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**RASH DRIVING IN THE VICINITY OF THE BALLYGUNGE LAKE.**

Letter No. 740, dated 16th June 1936.

From the Chamber to the Commissioner of Police, Calcutta.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta has been drawn to several instances of rash driving of cars around the Ballygunge Lake at a speed of as much as 50 miles an hour. The Committee of the Chamber strongly feel that this practice is very dangerous to the safety of the public in places of recreation like the Lake, especially in the morning and evening when ladies and children take their walk round the Lake. The Committee understand that there is a speed limit provided for vehicles in the town of Calcutta and they think that the necessity of fixing a suitable speed limit is all the greater in the Ballygunge Lake area. The Committee would therefore suggest that immediate

steps should be taken to limit the speed of cars to a maximum of 15 miles an hour round the Lake in order to safeguard the pedestrians. The Committee would be glad to know at an early date the action you propose to take in the matter.

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*Copy of letter No. 6209 dated 19th June 1936, from the  
Commissioner of Police, Calcutta, to Chamber.*

With reference to your letter No. 00740 dated the 16th instant regarding rash driving of cars around the Ballygunge Lake, I write to inform you that the matter is receiving my attention.

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#### NOTIFICATION.

Forwarded to the Chamber for information, by the Dy. Commissioner of Police, Calcutta dated the 13th January 1937.

No. 6159-P-1.—18th December 1936.—The following draft of a rule which, in exercise of the powers conferred by section 11 of the Indian Motor Vehicles Act, 1914 (VIII of 1914), the Governor in Council proposes to make, is hereby published for the information of persons likely to be affected thereby.

2. The draft will be taken into consideration on or after the 31st January 1937, and any objection or suggestion with regard thereto received by the undersigned before that date will be duly considered :—

#### *Draft Rule.*

The speed of motor vehicles shall not exceed 15 miles per hour in the area falling within Gariahat Road, the Eastern Bengal Railway Diamond Harbour Branch embankment, Russa Road and Rash Behari Avenue. The said area shall for the purpose of this rule be known as the Dhakuria Lake Area.

*Note :—*The restriction shall, however, not apply to the roads which form the boundaries of the said area.

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Letter No. 00248, dated 3rd February 1937.

From Chamber to the Commissioner of Police, Calcutta.

I am directed to acknowledge the receipt of your letter dated the 13th January 1937, re: Draft rule about the speed limit of motor vehicles in the Dhakuria Lake area and to state that the Committee are glad to support the proposed rule.

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DISCONNECTION OF TELEPHONE OF MESSRS. SEWRAMDAS  
RAMNIRANJANDAS (MURARKA & SONS, LTD.)

*Copy of letter No. 1361 dated 16th September 1936, from Chamber to the Bengal Telephone Corporation Ltd., Calcutta.*

The attention of the Committee of the Indian Chamber of Commerce, has been invited by Messrs. Shewramdas Ramniranjandas to the correspondence that they had with your Corporation in regard to the disconnection of their telephone No. B. B. 729 by the Corporation on the ground that a false alarm of fire was made from that number. Shewramdas Ramniranjandas maintain that no call of such a nature was made from their telephone No. and from the correspondence they had with the Fire Brigade Office, it is apparent that the call was originally registered at the Fire Brigade as coming from B. B. 243 which is installed at 4/2 Ram Mohan Roy Road. The Calcutta Fire Brigade also stated that it was only after the Fire Engines returned from Ram Mohan Roy Road that they made an enquiry from the Telephone Exchange when they were informed that the call had been made from No. B. B. 729 and not from No. 243. The latter number was subsequently entered in the register of the Fire Brigade by the side of the previous one.

Messrs. Shewramdas Ramniranjandas have stated that their telephone connection is in their *Guddi* and it is not possible for any outsider to use the same for making any call of fire alarm. The Committee regret that their connection was cut off even in spite of their assurances that the telephone number was not used for any fire alarm purpose. The very fact that another number was first

registered in the register kept by the Fire Brigade shows that there is no certainty about the origin of the call. The Committee feel that the action of the Corporation in disconnecting the above number was hardly justified and that the Corporation should have made proper investigations and ascertained the source of the call before taking any such step or at least should have made amends immediately after the fact was challenged by Messrs. Shewramdas Ramniranjandass. The Committee need not emphasise the difficulties experienced by Messrs. Shewramdas Ramniranjandass owing to their connection having been cut off. The Committee hope that you will kindly look into the matter and let them have your reply at your early convenience.

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Letter No. T.-1377, dated 18th September 1936.

From Bengal Telephone Corporation, Limited, to Chamber.

We beg to acknowledge receipt of your letter No. 1361 dated 16th instant and in reply would inform you that we are in a position to prove conclusively that the call in question did originate from Burra Bazar 729. All calls for the Fire Brigade, referring to fires, are specially noted and checked and a written record is made at the time. In this instance three independent witnesses have certified the origin of the call.

In this connection we would add that, as the result of a reference made to him by the Chief of the Fire Brigade, the Commissioner of Police has carried out a very exhaustive enquiry into the matter and he has informed me that he is perfectly satisfied that the call in question did originate from Burra Bazar 729.

We would also add that our action in this particular case is similar to that which has been followed on many other occasions at the request of the authorities concerned, simply with a view to assisting them to prevent the recurrence of such calls and the unnecessary waste of public funds which is entailed. In every other case the subscriber concerned has appreciated this point of view on



the grounds of goods citizenship and has co-operated to the fullest possible extent in tracing the actual culprit.

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'SILENCE ZONE' IN CENTRAL AVENUE NEAR MEDICAL  
COLLEGE AND SCHOOL OF TROPICAL MEDICINE.

*Copy of letter dated 10th July 1936, from the Automobile  
Association of Bengal, to Chamber.*

*Silence Zones.*

At a recent meeting of the Traffic Advisory Board the above matter was discussed and our representative on that Board, Mr. S. K. Sen, Vice-President of this Association, reports that it was suggested that a Silence Zone be arranged in Central Avenue near the Medical College and School of Tropical Medicine, and the hours suggested were from 11 P.M. to 6 A.M., and I am directed to invite the opinion of your Committee on the subject.

Requesting the favour of an early reply, and thanking you in anticipation for your kind co-operation.

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Letter No. 902, dated 23rd July 1936.

From Chamber to the Automobile Association of Bengal.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to acknowledge receipt of your letter dated 10th July 1936, in connection with the proposal to arrange a silence zone in the Central Avenue near the Medical College and School of Tropical Medicine between 11 P.M. and 6 A.M. The Committee have carefully considered the question and they are in favour of having a silence zone in this area from 11 P.M. to 6 A.M. as suggested.

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INFORMATION BUREAU STARTED BY THE BENGAL TELEPHONE  
CORPORATION LIMITED.

*Copy of letter No. G.-474 dated 27th November 1936, from Bengal  
Telephone Corporation Limited, to Chamber.*

We enclose copy of a Notification which has to-day been forwarded to Press, in connection with the circulation of Air Mail information, to be inaugurated on Monday next, 30th November.

If it is found that the Bureau supplies a public need, it is the intention of the Company to extend its scope, not only to other Air Mail routes but also, to such matters as the arrival of the Overland Mail, Rangoon Mail and, probably, vessels carrying passengers who will land in Calcutta.

We would welcome any suggestions, or observations, which your Committee might like to make. It will be appreciated that the success of the scheme depends entirely on the information being reliable and if your Committee desire to make any suggestions for extending the scope of this Department, we would be obliged if they would, at the same time, indicate some reliable source from which the information might be obtained in the first instance.

*Information Bureau.*

For the convenience of the public the Bengal Telephone Corporation, Limited, will open, as from Monday, 30th November 1936, an Information Bureau which will be able to supply to those members of the public who require it, details with regard to the arrival of the Air Mail from London. Arrangements have been made with Messrs. The Indian National Airways Ltd., to supply the Bureau on Monday, at 9 A.M. and subsequently, at 3-hour intervals, with the latest information regarding the movement of the plane which is due on Tuesday. A similar procedure will be followed in connection with the plane which is due on Friday, the information being available from 9 A.M., on Thursday'morning.

In addition it is hoped that the Bureau will be in a position to inform callers of the hour at which the mail will be sent out for delivery. In the first instance the information mentioned above will apply only to the incoming Air Mail from London, but if it is

found that there is a public demand for information in connection with other routes, the facility will be extended as soon as the equipment and trained staff can be made available.

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Letter No. 302, dated 12th February 1937.

From Chamber to the Bengal Telephone Corporation,  
Limited, Calcutta.

I am directed to refer to your letter dated the 27th November 1936, re: the inauguration of an information bureau for supplying to the public details with regard to the arrival of the Air Mail from London, etc. The Committee of this Chamber are of opinion that the utility of this Bureau would be increased if its scope is widened and certain other additional information is made available to the public, *e.g.*, information about the closing of the Howrah Bridge, Timings of the arrival and departure of the principal Railway trains, etc. These informations could be regularly had in advance from the Bridge and the Railway authorities.

In this connection, I am directed to invite your attention to the fact that at present difficulty is sometimes experienced in getting prompt and proper reply from the Enquiry Office to enquiries regarding the telephone numbers of Subscribers in case one is unable to find it from the Directory. The Committee would suggest that the present arrangement should be improved in this respect.

I hope you will give due consideration to the above suggestions.

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*Copy of letter No. G.-97 dated 17th February 1937, from Bengal Telephone Corporation, Limited, to Chamber.*

*Information Bureau.*

We beg to acknowledge receipt of your letter dated 12th instant, in connection with the above matter.

The need for an Information Bureau has already been well established. Since the inauguration of the scheme there has been a steady increase in the number of enquiries received and these now approximate to 600 per day. This fully utilises the existing available equipment and orders have been placed for an extension to the equipment which is already in course of construction. As soon as this becomes available, we will be only too pleased to extend the scheme along the lines indicated by you,

With regard to the penultimate paragraph of your letter, we would be obliged if you would let us have details of any occasion on which delay is experienced. During times of pressure some little delay is liable to occur, but you can rest assured that we will use every endeavour to see that such delay is reduced to a minimum.

#### BRAHMINI BULLS IN THE STREETS OF CALCUTTA.

*Copy of letter No. 13696 dated 2nd December 1936, from the Commissioner of Police, Calcutta, to Chamber.*

*Brahmini Bulls wandering unattended in the streets of Calcutta.*

The Brahmini Bull menace in Calcutta is considered to have arrived at a stage at which action must be taken. I enclose for your information a statement of figures showing injuries caused by these animals during the last three years. I would be grateful to have the views of your Chamber in regard to a satisfactory solution of this difficult problem. I enclose for your information a copy of a letter dated 15th October 1936, received from the Honorary Secretary, Marwari Association in reply to a reference made to them by this office on the subject. An early reply will be appreciated.

#### *Statement of figures showing injuries caused by the Brahmini Bulls.*

Year	No. of persons injured			Remarks with note Re: action taken.
	slight	grievous	fatal	
1933 ...	7	2	...	No action in any case
1934 ...	7	2	1	
1935 ...	8	2	...	
1936 (upto date)	8	5	2	
TOTAL ...	30	11	3	

*Copy of letter No. 161-1936, dated the 15th October 1936, from the Honorary Secretary, Marwari Association, Calcutta, to the Commissioner of Police, Calcutta.*

*Brahmini Bulls wandering unattended in the streets of Calcutta.*

In continuation of this office letter No. 149-1936 dated the 6th October 1936, I am directed by the Committee of this Association to address you as follows :

My Committee thank you most sincerely for your courtesy in taking them into your confidence in this matter which concerns them so closely.

My Committee, however, regret that inspite of their best efforts and most earnest desire to offer to you a satisfactory solution of this difficult problem they have been unable to arrive at any definite conclusion which they may reasonably expect to reconcile civic responsibility with Hindu sentiments over this matter which latter you are surely aware is extremely keen and sensitive.

They, however, would suggest to you the advisability of calling a conference of leading Hindu citizens of the town (including the orthodox section) for the purpose of discussion and finding out suitable ways and means for tackling this rather delicate point. It is further suggested that at the proposed conference some public bodies like the Corporation of Calcutta, the C. S. P. C. A. and the Pinjrapole Society may also be usefully invited.

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Letter No. 01991, dated 23rd December 1936.

From the Commissioner of Police, Lall Bazar, Calcutta.

I am directed by the Committee to acknowledge the receipt of your letter No. 13696 dated the 2nd December 1936, re: Brahmini Bulls wandering unattended in the streets of Calcutta and to state that the Committee have carefully considered the serious situation pointed out by you and are in favour of the view expressed by the Marwari Association to convene a Conference of leading Hindu Citizens and representatives of public bodies like the Corporation,

the Pinjarapole and the C. S. P. C. A. to find out the best remedy for the nuisance. The Committee would also suggest that the question of handing over these unattended bulls to the Pinjarapole may be considered.

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SECOND APPROACH TO THE NEW HOWRAH BRIDGE.

*Copy of letter No. 01985 dated 22nd December 1936, from the Chamber to the Commissioners for the New Howrah Bridge.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to invite your attention to their letter No. Mn.-721 dated the 20th December, 1934\* regarding road approaches to the new Howrah Bridge. The Committee suggested in that letter that in addition to the approach to the new Bridge from the Grierson Road, there should also be a provision for an approach from the Northern Section of Howrah. The Committee now understand that it has been decided to have a second approach to the New Howrah Bridge, in addition to the one from the South and they would therefore like to know if this second approach now provided for, is the same as the one they recommended, *i.e.*, from the Northern Section of Howrah.

I shall be glad to have your reply at an early date and shall also be obliged if you would kindly supply me with a copy of the plan of the proposed Bridge in order to enable the Committee to visualise the position clearly.

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*Copy of a letter dated 8th January 1937, from the Commissioner for the Port of Calcutta, to the Chamber.*

With reference to your letter No. 01985 dated the 22nd December 1936, I beg to inform you that no provision has been made in the estimate for a second approach to the new Howrah Bridge on the Howrah side but the layout of a proposed second

approach has been designed to admit at a later date of a road being constructed to the north.

A copy of the sanctioned plan No. 5548-F., showing the layout of the new Bridge and approaches is enclosed\*.

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*Copy of a letter dated the 12th January 1937, from the Chamber to the Commissioners for the Port of Calcutta.*

I am directed by the Committee to acknowledge with thanks the receipt of your letter No. 1657 dated the 8th January re: second approach to the New Howrah Bridge on the Howrah side, as also a copy of the Plan of the proposed Bridge. The Committee regret that the proposal for a second approach to the New Bridge from the North of Howrah should be postponed for consideration at a later date. The Committee would here like to refer to their letter No. 721 dated the 20th December 1934, in which they had expressed their view and which they still hold after studying the plan, that if no provision was made for a second approach to the Bridge from the North of Howrah, the result would be a sort of a bottleneck on the Howrah side and the residents in the Northern area would have to make a detour of nearly half a mile to reach the bridge. The Committee are of opinion that the construction of a road towards the North would be very essential to avoid heavy and congested traffic in the approaches to the Bridge at the Howrah side.

The Committee find that a provision has been made for a second approach from the North to the Bridge on the Calcutta side and they would, in the interest of the larger section of residents and of the various important mills on the Northern side of Howrah, request you to provide for a similar North approach on the Howrah side.

I shall be glad if you will give your careful consideration to this matter and let me have a reply at your early convenience.

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*Copy of letter No. 3168 dated 14th January 1937, from the  
Commissioners for the Port of Calcutta  
to the Chamber*

I beg to acknowledge the receipt of your letter No. 48, dated the 12th January 1937, regarding a second approach road to the New Howrah Bridge on the Howrah side.

I regret that my letter No. 1657 of the 8th January was misleading, in that it referred only to the sanctioned scheme to be carried out by the new Howrah Bridge Commissioners.

A scheme for a second approach road is now being prepared by the Chief Engineer, Calcutta Improvement Trust for consideration by Government, and I believe the idea is to complete this road by the time the new bridge is open to traffic.

You state in your letter that provision has been made for a second approach road on the Calcutta side, but nothing has been done beyond planning the approach road from Harrison Road so that a northern approach road can conveniently be made. The estimates do not cover the cost of providing this second approach road.

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DAMAGES TO SUGAR CONSIGNMENTS ON THE INDIA GENERAL  
NAVIGATION & CO'S STEAMERS.

Letter No. 1713, dated 27th October 1936.

From the Chamber to the India General Navigation & Rivers Steam  
Navigation Co., Ltd., M/Agents, Messrs. Kilburn & Co.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been invited to the correspondence that Messrs. Hoosen Kasam Dada, a member of the Chamber, had with your Company in regard to their claim for damages for a consignment of 500 bags of sugar delivered to them in damaged condition. On a perusal of the correspondence, the Committee feel that the Steamer Companies are hardly justified in refusing to pay the



claim to the party on the excuse that the damage was due to sugar being liable to be damaged by inherent vice and sweating, etc. The Committee are given to understand that 105 bags out of the consignment of 500 bags were delivered in damaged condition, and that at the first instance the Steamer Companies refused to get them surveyed even though they were asked to do so by the party. Since then the Committee understand that the Companies have agreed to get the damage surveyed, but as yet no claim has been allowed. While the Committee realise that sugar is inherently liable to sweat due to dampness they also feel that the damage due to inherent vice would not be as much as is stated by the party and the Committee are led to believe that a major part of it must have resulted from river water and inadequate dunnage, for which Steamer Companies are responsible.

At the time of the interview which the representative of Messrs. Hoosen Kasam Dada had with the Superintendent of Joint Claims, it is reported to have been stated by the Superintendent that the damage has occurred due to inadequate godowns in many mills to protect sugar. In this connection the Committee would like to point out that goods must have been delivered in sound condition by mills to the Railway, as otherwise Railway would not accept the same on R. R. basis. The chances are that the sugar may have been damaged at the Ghats, because of the steamer companies keeping them for a considerably long time in open. The Committee may also state that sugar consignments brought over the Railway route are hardly damaged which also indicates that the damage to sugar is not done at the factory itself but while the sugar is with the Steamer Company.

The Committee understand that several other sugar consignments of Messrs. Hoosen Kasam Dada have also been delivered to them in damaged condition. The Committee would be glad if you will let them have your official Survey Report in regard to the consignment of 500 bags of Messrs. Hoosen Kasam Dada from Revelganj to J. Ghat under Invoice no. 170/R/R 94 of 10. 8. 36. It has also been reported by the party that their consignment of 500 bags under reference was transhipped on the way and was brought in three flats and that the damage was to a certain extent due to this. Although the Committee are not aware of the reasons which led the Steamer Company to do so, as none have been stated

in your letter to the party except for a general statement that it was due to unavoidable reasons, the Committee would suggest that the Steamer Company should in future avoid frequent transhipment of goods from one boat to another as far as possible.

Having regard to the necessity of preserving smooth relations between the merchants and the Steamer Company, the Committee would express a hope that you will see your way to settle the claims of Messrs. Hoosen Kasam Dada amicably and to the satisfaction of both. The Committee would also request you to kindly look into the matter carefully and find out the reasons for such frequent occurrences of damage, in order to be able to put a stop to this in future. The Committee would be glad to receive your reply at an early date.

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*Copy of a letter No. F.-13759 dated the 25th November 1936, from the India General Navigation & Rly. Co., Ltd., Calcutta, to the Chamber.*

*Messrs. H. K. Dadas' sugar claims.*

We beg to acknowledge receipt of your letter No. 01713 of the 27th October and to advise having thoroughly investigated this matter.

The allegation that we refused to agree to a survey of the consignment in question is not correct. At the time the Sugar was landed in Calcutta, the consignee were advised by the Superintendent, Juggernathghat, that if they wished for a survey the matter should be referred to the Superintendent, Join Claims Department. On being applied to, the latter made immediate arrangements for the survey which was carried out on 9th October 1936.

The Committee's contention that the "goods must have been delivered in sound condition by Mills to the Railway, as otherwise Railway would not accept the same on R/R. basis" is refuted by the fact that the Railway, being aware of the inherent tendency of Sugar to sweat, insist on the execution of Risk Note "A" by the

Mills and the Carriage was at "Owner's Risk", not at "Railway Risk" as stated in your letter.

We also beg to point out that we do not keep Sugar consignments "a considerably long time in the open." Sugar is stored in roofed Flats at the most important stations such as Revelganj, Paleza and Semeriah, until shipment instructions are received when it is sent down by Steamer or Flat.

We regret we cannot subscribe to the view that the damage to the consignment in question was due to frequent transshipment. Sugar from Upper Ganges stations is subjected, under normal conditions to one or, at most, two transshipments en route to Calcutta and is carefully handled. We would mention that other Calcutta Sugar Dealers seldom complain regarding the condition of their consignments brought down by Steamers and Flats, which bears out our contention that due care is exercised by us in the transit of Sugar consignments.

We enclose, as requested, a true copy of the Survey Report dated 9th ultimo, submitted by Messrs. Norman, Stewart & Co., Certified Marine Surveyors.

Our Claims Superintendent is in communication with Messrs. H. K. Dada regarding an amicable settlement of their claim and we have no reason to believe that other than a settlement satisfactory to both parties will be arrived at.

In conclusion, we desire to assure your Committee that everything possible is done to ensure careful transit of Sugar from our Ganges Stations.

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## LAW AND LEGISLATION.

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### DRAFT AMENDMENTS IN THE INDIAN COAL MINES REGULATIONS 1926.

*Copy of letter No. 1699-1703-Com., dated the 10th March 1936,  
from the Government of Bengal, Commerce Department, to the  
Chamber.*

I am directed to forward for the information of your Chamber a copy of a Notification by the Government of India, Department of Industries and Labour, No. M.-1077, dated the 20th February 1936, publishing the draft of certain amendments proposed to be made in the Indian Coal Mines Regulations, 1926. I am to request that any opinion which the Chamber desire to offer on the proposed amendments may be submitted to this Government not later than the 1st May 1936.

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Letter No. 00490, dated 17th April 1936.

From the Chamber to the Government of Bengal,  
Commerce Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to refer to your letter, No. 1699-1703-Com. dated 10th March 1936, enclosing therewith the Notification No. M-1077 dated 20th February 1936, issued by the Government of India proposing certain amendments to the Indian Coal Mines Regulations, 1926.

The Committee have carefully considered the amendments proposed and they are in general agreement with the same except in case of the amendment item No. IV 116-A (b), by which it is proposed to apply regulations under the Coal Mines Act, 1911 in case of "Permitted Explosives". The Committee are of the opinion that the Coal Mines Act is an Act for British Mines and cannot be made applicable in India for Indian Mines, unless and until regulations or orders suitable to Indian Mines are enacted. The Committee would therefore suggest that from the Draft Amendments, item No. IV-116-A (b) be deleted.

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## INDIAN COMPANIES ACT AMENDING BILL.

Letter No. 778, dated 22nd June 1936.

From the Chamber to the Government of India (Legislative Assembly Department), Simla.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to refer to the Bill further to amend the Indian Companies Act, 1913, recently introduced in the Legislative Assembly. The Committee have carefully considered the provisions of the Bill and they desire me to submit their views in regard to the various clauses of the Bill as under :—

## INTRODUCTORY.

At the outset the Committee may mention the fact that the Bill consists of a large number of clauses which have been taken bodily or with minor alterations out of the English Act; more than two-thirds of the Bill consists of such clauses taken practically verbatim out of the English Act and several are merely consequential clauses while others are amendments of a comparatively minor importance. The Committee understand that about 55 clauses derive their origin from the English Act while 9 are consequential amendments and 23 are unimportant amendments leaving only 8 or 9 clauses new with substantial propositions formulated by the Legislative Department of the Government of India. The Committee need hardly point out that industrial conditions in England and India are radically different and industrial enterprise is still in an incipient stage in India. British legislation on such a subject should not, therefore, be copied wholesale and sought to be applied without a careful consideration of the divergent conditions in India and England. With these introductory remarks, the Committee would now proceed with their detailed suggestions on the various clauses in the Bill.

*Section 2 of the Indian Companies Act 1913.*—The word “Manager” is defined in Section 2(9) of the Indian Companies Act, 1913 as under :—

“Manager” includes any person occupying the position of a manager by whatever name called and whether under a contract of service or not.

The Committee consider that the above definition of this word is very wide, as it would include a large number of persons occupying minor and different positions in a company, *e.g.*, in a cotton mill there may be a mill manager, departmental managers and many other persons designated as managers. The inclusion of such persons, however, is surely not contemplated to be within the meaning of the term "Manager" as used in the Act. The Committee therefore suggest that the definition of the word "Manager" should be so altered as to mean and include a person who is in charge of the affairs of the company as a whole, and not subordinate persons who for departmental reasons or for the distinct purposes of some Acts or Rules *e.g.*, the Factory Act or the Sugarcane Rules, may be styled "Managers".

Similarly, the term "Officer" is defined in section 2(11) of the existing Act as under:—

"Officer" includes any director, manager or secretary but, save in sections 235, 236 and 237, does not include an auditor.

In this connection also the Committee desire to state that according to the Indian Company's Act the term "Officer" is understood to mean either a director, a member of a Managing Agents' firm or official secretary or the manager of the company. In large organisations, however, a good number of employees would be known as "Officers" of the Company. This definition, therefore, should be made more specific, so that there may be no misunderstanding in the matter. The point is important because in the balance sheet the debts due by the "Officers" of the company are to be shown separately and therefore it is necessary to know whose debts are to be specifically mentioned in the balance sheet.

*Clause 5 of the Bill.*—The Committee suggest that in the subsection 3(a) of section 11 the words "Bank of Bengal," "Bank of Madras", and "Bank of Bombay" should be deleted.

The Committee do not see any reason why the use of these names should be disallowed now, as the above named three provincial banks have ceased to exist.

*Clause 7 (sub-section (2) of section 17).*—Regarding the applicability of certain regulations identical with, or to the same effect

as, regulations 78 to 82 contained in Table A in the First Schedule, the Committee suggest that the Directors of the following categories should not be brought within the purview of these regulations :—

- (a) Ex-officio Directors;
- (b) Directors nominated by the Managing Agents or Managing Directors or such others appointed under authorisation of Articles of Association;
- (c) Directors appointed by debenture-holders or any other body of persons not being shareholders;

In the case of insurance companies, Directors appointed by policy-holders cannot, for obvious reasons, be brought within the purview of regulations 78-82.

The provisions regarding the retirement of one-thirds of Directors every year should thus be applied only to the rest of the number of Directors after excluding all the classes of Directors mentioned above.

*Regulation 107.*—In a matter like this, no general rule can be laid down to cover a variety of cases which comes within the purview of the Companies Act, *e.g.*, a manufacturing company which may have several departments of manufacture and which may for its internal check and supervision keep accounts separately for the various departments may show a misleading position of affairs if the several sources be distinguished, nor would it be desirable in the interest of the company itself that the accounts of the several departments be made public separately. The same applies to expenditure, *e.g.*, in case of an exporting company, if it tallies with the export business in various products, it would be difficult and even impossible and certainly very undesirable to make public separately the accounts of the different export departments. Matters like this should be left to the guidance of the company at a general meeting which can always lay down in what form the accounts should be presented.

*Regulations 112—116.*—The requirements of Regulation 113 to the effect “a notice addressed to him and advertised in a newspaper circulating in the neighbourhood of the registered office of the company” may mean several notices. It should be sufficient to

have a general notice advertised in the newspapers and the names of the shareholders need not be mentioned.

Bearers of share warrants shall be treated in the same manner as members having no registered address in British India.

Regarding Regulation 116, it should not be compulsory to give notice of a general meeting to any class of shareholders who, by the Articles, are divested of the right to receive such notices, *e.g.*, notices of general meetings called for purposes at which any class of shareholders is not entitled to vote and by which that class of shareholders is not affected need not be given to that class.

In view of the above observations, it does not seem to be prudent that any regulation contained in Table A should be made compulsorily applicable to any company.

*Section 32 of the existing Act.*—Section 32 of the present Act provides for the annual list of members and summary to be submitted to the Registrar. The form in which this summary is to be supplied, known as Form “E” has been given in the Act. This form requires the following particulars to be given:—

- (i) Folio in Register Ledgers containing particulars;
- (ii) Names, addresses and occupations of shareholders;
- (iii) Number of shares held by existing members at date of return;
- (iv) Number of shares transferred since the date of the last return by persons who are still members, showing in two columns (a) the number of shares transferred and (b) the date of registration of transfer.
- (v) Number of shares transferred since the date of the last return by persons who have ceased to be members, showing in two columns (a) the number of shares transferred and (b) the date of registration of transfers.
- (vi) Remarks.

The Committee fail to understand why the sales by persons who have ceased to be members are to be distinguished from sales by members who are still existing. If the object of this summary



is that the Registrar as well as any member of the public or shareholder can obtain inspection, for an unlimited time, of the account of any shareholder and compare the same with his last year's account, it would be more useful to have a form in which all the transactions of a member may be incorporated, *i.e.*, the sales made by him since the last return and the purchases made by him since the last return. At the same time the form may provide that the account of those persons who were members at the time of the last return and who have since ceased to be members should also be given. One improvement in this form is needed to facilitate clerical work, *i.e.*, the date of registration of transfer in columns 4 and 5 be changed to months of the registration of transfer, so that against the shareholders' account at most 12 entries may be shown.

According to the present form, transfers made at each date have to be shown separately and this may amount to a great deal of unnecessary clerical work. The Committee understand that some Companies do not strictly comply with these forms, but these remarks have been made with a view to carry out faithfully the form as provided in the Act.

*Clause 13.*—The Committee suggest that in section 34(1), line 9, the words “ten days” be substituted for “four weeks”.

The period of four weeks proposed to be allowed to a transferee of shares for taking objections to the registration of transfers seems to be too long a time as it would lead to the share register remaining incomplete for an unnecessarily long period. The Committee consider that ten days would be quite sufficient for the purpose.

*Clause 14.*—The new section 35A is based on the English law. In England there is no joint family system but in India as the joint family system obtains, this section will be a source of great hardship to undivided joint families or to minors on divisions of joint families and to many firms especially those dealing in shares and stock. In case of a partnership being dissolved by the death of a partner leaving infant heirs this section will not allow the assets of the partnership to be divided and transferred to infants in so far as the assets consist of shares. It may also be stated that often times the estate of minors is partly invested in good Preference Shares, Deferred Shares, etc. Moreover, it is difficult to see how a company can make sure that its shares are not transferred to a minor

or a person of unsound mind. The absence of a clause like this in the Indian Law has not caused any difficulty. The Committee are, therefore, of the opinion that this section should be deleted.

*Clause 15.*—The Committee would suggest the substitution of “fourteen days” for “ten days”. A period of ten days is too short for sending a copy of the register etc., in cases where there are thousands of shareholders. It should be extended to at least fourteen days.

*Section 36 of the Existing Act.*—This section provides for inspection of register of members by the shareholders and members of the public and also provides for supplying copies of the registers to those who ask for them. The section is clear that inspection shall not be granted when the transfer books are closed. It is, however, not clear that copies of registers would not be given when the transfer books are closed. This may be made clear by an amendment as during the pressure of work when the transfer books are closed, it will be impossible to comply with the request of any shareholder or member of the public to be supplied with copies of the registers of members.

*Section 37 of the existing Act.*—According to section 37, a Company is authorised, on giving notice by advertisement in some newspaper circulating in the district in which the registered office of the company is situated, to close the register of members for any time or times not exceeding on the whole 30 days in each year. The Committee are of the opinion that this period of 30 days should be extended to 45 days in each calendar year. The reasons for this extension are as follows: A Company may prefer to pay *ad interim* dividends and some Companies may even pay quarterly dividends if circumstances permit. The Committee may point out that large companies, *e.g.*, the Steel Company, etc., require more than three weeks for the preparation of dividend warrants and the annual summary. If, therefore, such companies decide to pay interim dividends, the books will have to be closed a second time to give an opportunity to the shareholders to lodge, for registration, transfer of shares entitling them to the dividend at the time of closing of books. A large block of shares which usually go blank in the bazaar would, therefore, come for registration at the eleventh hour and consequently the Company would require more

time to deal with these transfers before the balance is struck for the payment of dividends. It is, therefore, necessary that the period of closing of the transfer books be extended.

This extension may also be useful in case a Company issues new capital and offers the same to the existing shareholders. In such an event also transfer books will have to be closed, so that those holding blank transfers may come forward and register the same and exercise their right to the new capital.

*Clause 16.*—The words “four weeks” should be substituted for the words “a fortnight only.” An order of the High Court sometimes takes three weeks to draw and consequently the time provided would be insufficient and should therefore be extended to four weeks.

*Clause 18.*—This clause should be deleted. The present Bill has in many respects been sought to expedite the conduct of the business of a Company (*e.g.* clause 27) and consequently the alteration effected by clause 18 of the Bill is retrogressive as it tends to delay rather than expedite the business of a Company. Under the present Act, only the power of sub-division of shares among the powers conferred by section 50, has to be exercised by a Special Resolution. The present amendment, however, proposes that all the alterations under section 50 should be effected by the Company by a Special Resolution. The reason given for this alteration is not valid, because in fact, the present section 53 provides that when Directors increase the capital, the Resolution increasing the same should be filed with the Registrar of Companies and this must be done in case of consolidation or conversion of shares into stocks (*vide* sections 51 and 52). It is only when shares have been cancelled which are not taken or agreed to be taken, *i.e.*, in respect of cancellation of unused shares that the record of the alteration of capital is not to be found in the Registrar's Office. Under the circumstances clause 18 does not appear to be necessary.

*Clause 21.*—In section 66A, sub-section 3, line 6 after the words “That the variation” the Committee suggest the addition of the following :—

“Is not in *bona fide* interests of the company as a whole and”

The Committee do not see any reason why the Court should disallow the variation in shareholders' rights if the variation is in

the *bona fide* interest of the company as a whole and after the same has been duly passed. The Committee feel that the chief consideration with the Court should be the interest of the company as a whole and not merely the interests of a minority of shareholders.

*Clause 23.*—In line 2 of section 76(1) the Committee would suggest the substitution of the words "eighteen months" for "one year".

This change is necessary in order to avoid the inconvenience of calling two general meetings within a short time in certain cases. For example a company formed in January and maintaining its financial year according to the calendar year would have to call two general meetings within a short period as at the first general meeting, if it is to be called within one year after the incorporation of the company, it would not be able to submit its yearly accounts and another general meeting shortly after would therefore be necessary for getting the yearly accounts passed. The Committee therefore suggest that the period for calling the first general meeting should be extended to 18 months from the date of incorporation. The Committee have also to point out in this connection that in clause 54 of the Bill, the period of 18 months is already provided for the preparation of accounts and laying the same before the general meeting of the company.

*Clause 26.*—This clause should not be made applicable to private companies.

*Clause 29.*—In the last line of sub-section (4) to section 83 the Committee suggest deletion of the words "without charges" and addition of the following "provided that the charge for such inspection fixed by the company, not exceeding Re. 1 per inspection per day, is paid and previous notice for the inspection is given."

The Committee do not intend to say anything against the principle of allowing inspection of the books of a company but they hold that the provision of a nominal charge and previous notice would serve as a deterrent to frivolous inspection which might often lead to undue harassment. The charge of Re. 1 for the purpose is the maximum limit and the companies may levy such smaller charge as they determine. The provision, of course, would not affect the interests of persons having a *bona fide* intention to inspect the books of a company.

*Clause 31.*—Sub-section (2) to section 83-B needs revision so as (1) not to invalidate the appointment of those directors who at the time of the floatation of the company are and must necessarily be appointed as such by the promoters and (2) to exclude from this calculation Directors appointed by Debenture holders, Policy holders, etc.

The Committee therefore suggest that this sub-section should be so altered as to exempt the first Directors from its provisions. The Committee further suggest that the directors appointed by the debenture holders and/or policy holders should for obvious reasons be excluded from this provision.

*Clause 33.*—The Committee are of opinion that Private Companies should be exempted from the Provisions of all the new sections proposed to be included in the Act by Clause 32, as there does not seem to be any reason why such restrictions should be imposed in the case of Private Companies.

*Section 86-A: Sub-section (1).*—This sub-section provides that if an undischarged bankrupt acts as a director of a company, he shall be liable to imprisonment for a term not exceeding two years or to a fine not exceeding one thousand rupees or both. The Committee feel that these penal provisions are quite out of proportion to the offence having regard to the technical nature of the breach involved. Moreover, it is sufficient to keep provisions prohibiting undischarged bankrupts from acting as directors. There is, however, no reason why an undischarged bankrupt should be prevented from acting as an assistant or a clerk in a company. This sub-section should therefore be altered accordingly.

*Section 86-C.*—The words “negligence, default, breach of duty or breach of trust” should be deleted and the following be substituted in place thereof:—

“wilful breach of duty and wilful breach of trust”.

This section, as at present worded, is very wide, as directors would be held responsible even for slight negligence or default whether it is done with or without their knowledge. It will be difficult to get good persons as Directors if they can not be indemnified in respect of the acts or omissions of other or in respect of acts or omissions which do not amount to wilful breach of duty or trust.

The Committee are not aware that such an indemnity has operated to the detriment of the shareholders. But difficulties placed in the way of securing good directors would stand in the way of the development of trade and industry and would, moreover, be harmful to the interests of the shareholders themselves.

*Section 86-D: Sub-section (1) and (2).*—The Committee suggest that Banking Companies should be exempted from the provisions of clauses (1) and (2) as experience shows that good customers are also good Directors of Banks.

*Section 86-E.*—The Committee suggest that after the word "Manager" in the fourth line of this clause, the following words should be added :—

"or a Technical Expert or except as interested in the firm or Company of Managing Agents."

Technical Experts ought not to be precluded from becoming Directors of the Company, if they are competent for the same. It is also necessary that persons who have an interest in the firm or company of Managing Agents should not be prevented from becoming Directors.

*Section 86-F.*—This section should be deleted. Firstly the Committee do not see any ground for disturbing the existing arrangements of a company in cases where a Trustee is also a Director. Secondly, a trustee of the Debenture-holders is the best person to protect their interests as a director of the company.

*Section 86-G: Sub-section (1).*—This section requires the directors to disclose the amount of remuneration, etc., received by them on a demand by not less than one-fourth of the aggregate number of votes. The Committee are of the opinion that this proportion of one-fourth should be raised to one-third to avoid any frivolous harassment. Moreover, it should be pointed out that 75% of the aggregate number of votes in a Company form a sufficient block to carry a special resolution and hence the power given to the group possessing one-fourth votes would not be reasonable. Hence in line five of sub-section 86G(1) the words "one-third" may be substituted in place of the words "one-fourth". In this connection, the Committee may also point out that the particulars required

under this section are already required to be shown in the Profit and Loss Account of a Company under clause 56 of the Amendment Bill. Furthermore, there is no reason why three years' figures should be furnished.

*Section 86-I.*—In sub-section (1)(e) line 4 the Committee suggest the following be added after the word "Manager"—"Or a technical expert or except as interested in the firm or company of Managing Agents."

The reason for this change is the same as mentioned under section 86E above.

In sub-section (1)(f) for the words "three months", the Committee would suggest the substitution of the words "six months or from three consecutive meetings whichever is longer". In the case of some companies Directors' meetings are held only quarterly and in such cases the effect of the present provision would be that a Director would be compelled to vacate office even if he absents himself from only one meeting. In other cases, however, several meetings of Directors may be held within a short period. Thus neither a provision of a period of three months alone nor the one specifying only a certain number of meetings would meet the situation. The change suggested by the Committee above would meet both kinds of cases and would avoid the possibility of Directors having to vacate office too frequently.

*Clause 34: Section 87 Sub-section (1).*—The Committee have already suggested that the definition of the word "Manager" should be so altered as to include only a person in charge of the affairs of the company as a whole. The Committee trust that this suggestion of theirs will be adopted. In case, however, this is not done, the word "Manager" occurring in this sub-section should be deleted.

*Section 87 sub-section (2).*—In the last line of sub-section (2) the word "opening" seems to be a printing mistake. This word has reference to "a change" in the previous line and the Committee think that it should be "operation" and not "opening".

*Section 87 sub-section (3).*—In this sub-section the Committee suggest the deletion of the words appearing after "be open to the inspection of any member of the Company" and the addition of the

following in their place:—"provided that the charge for such inspection fixed by the Company, not exceeding Re. 1 per inspection per day, is paid and reasonable notice of the intention to inspect is given."

This suggestion is based on the same grounds as those mentioned in connection with clause 29 of the Bill. There does not also appear to be any reason why non-members should be allowed to inspect the Register of a Company.

*Section 87 sub-section (6).*—The Committee suggest that this should be deleted. This sub-section is so worded as to include all persons like solicitors, auditors and others whom the directors consult in connection with the affairs of the Company. It will be realised that solicitors, auditors and others are not expected to keep a watch over the day to day affairs of a company and they should not be held liable for the same. This sub-section has been taken from the English Act, but there appears to be no necessity of its being made applicable in India.

#### MANAGING AGENTS.

*Clause 35.*—All the new sections proposed to be included in the Act by the Clause 35 should not apply to Private companies.

At the outset the Committee beg to point out that the proviso limiting the period of Managing Agency to 20 years is quite inadequate considering that in India industrialisation is still in a nascent stage. It is a matter of common experience that it takes about 10 to 15 years for any industry to be stabilised on a profitable and economic basis and it would not be sufficient inducement to the Managing Agents to develop an Industry if they are to relinquish the fruits of their labour, soon after they have succeeded in developing it. Even the advisory Committee to which the whole question of the amendment of the Companies Act was referred, recommended a period of 25 years for which a Managing Agent might continue to hold office. The Committee of the Chamber do not see sufficient justification for not accepting the recommendation of the Advisory Committee and fixing a period of 20 years for the duration of Managing Agency. The Committee therefore recommend that both in sub-sections 87A(1) and 87A(2) the word "twenty" should be substituted by the word "twenty-five".

*Section 87A sub-section (2).*—With regard to the application of the new clause relating to duration of appointment of Managing



Agents to the existing Companies the Committee have to point out that this affects the rights acquired under the existing contracts which is a most unusual and extraordinary principle. The Committee would mention in this connection that despite strong and unanimous Indian demand, the Government have consistently refused to apply the stipulations laid down in the External Capital Committee's report to existing companies and have made provisions for such conditions being complied with only in the case of companies which are constituted after the enactment of the Government of India Act. For instance, during the debate on the Bamboo Paper Pulp Industry (Protection) Bill in February 1932, Sir George Rainy stated in the Assembly that it was impossible to insist upon any stipulations as a condition precedent for the grant of bounties to industries already in existence. He contended that Government could not, for instance, compel existing companies to employ and train Indians and described compliance with such conditions as amounting to confiscation. Section 116(2) of the Government of India Act, 1935 also stipulates that conditions for the grant of bounty or subsidy could be laid down only in the case of "a company which at the date of the passing of that Act was not engaged in British India in that branch of trade or industry". The Committee cannot, therefore, understand why the existing companies have also been included in this sub-section. In certain cases the Managing Agents may have paid a high price for obtaining the agency on the understanding that their agency would last for a longer period than would be permitted by the Bill. The enactment of this sub-section might also be a source of endless litigation between old and new Managing Agents in respect of pending or previous transfers of Managing Agencies. Moreover, it is also worthwhile considering what would be the effect of such a clause on pending agreements for transfers of Managing Agencies and such agreements would be frustrated by the terms of the clause. It is therefore unfair and iniquitable to include existing Companies within the provision of the law.

The words "shall cease to hold office" in this sub-section would mean that there will be an automatic termination of the Managing Agency after the stipulated period. It is not clear who shall be appointed the Managing Agent of a company in the interval which may elapse between a fresh appointment and the termination of the stipulated period of the old Agents. Provisions should, therefore,

be made for the Managing Agents to continue in office even after the expiry of the stipulated period until such time as a fresh appointment is made. The Committee suggest that the sub-section be so revised as to provide that the Managing Agents are not automatically required to cease after the expiry of the stipulated period of duration of the Managing Agency, unless a resolution to that effect is passed by the General Meeting. After the expiry of their term, the Managing Agents should also be eligible for re-appointment.

The proviso after sub-section (2) should for obvious reasons be applicable to both sub-sections (1) and (2).

*Section 87B sub-section (b).*—In place of the words “an extraordinary resolution of the company” the Committee suggest that the following be substituted:—

“the company, by a resolution at a general meeting of the Company.”

It is provided in sub-section (2) of this very section that the appointment of a Managing Agent can be made by an Ordinary Resolution. In view of this clause (e) it is unnecessary that an extraordinary resolution should be insisted upon for ‘a transfer of his office by a Managing Agent’ as the transfer virtually means the appointment of another Managing Agent in place of the retiring one. If “extraordinary resolution” be insisted on there may be a deadlock in the event of 26% of the shareholders not agreeing to particular appointment while 74% consider the appointment to be for the benefit of the company.

*Section 87B sub-section (e).*—The provision regarding removals and variations of the Managing Agents’ Contract of management should be made more strict specially when such removals and variations are without the consent of the Managing Agent. For, if such a power is given to a bare majority in the Company, it is likely that it may sometimes be lightly used. The Company has already got the choice of appointing a Managing Agent and once such an appointment has been made it should not be liable to change by a simple majority. A proviso to the following effect should therefore be added to this clause:—

“Provided that if such a removal or variation is without the consent of the Managing Agent it shall not be valid unless approved by an Extra-ordinary resolution of the Company.”

*Section 87C.*—This section should be deleted. The Committee feel that no provision, regarding the remuneration of Managing Agents need be specified in the Act. It is a matter of arrangement between a Company and the Managing Agents. It is open to the public not to join any company if in their opinion the agreement regarding the remuneration of Managing Agents is too liberal and against the interests of the Company. Any statutory interference with this right of free contract is undesirable. The basis of remuneration is a matter of mutual arrangement and should not be interfered with.

As stated above, the Committee are strongly opposed to the principle of placing any statutory limits over the rights of the company and the Managing Agents to enter into a suitable agreement as between them regarding the basis of remuneration of the Managing Agents and hence they are opposed to the whole of section 87C. Subject to this qualification the Committee desire to express their opinion on the various detailed provisions of this section.

As regards sub-section (2) the Committee are of opinion that interests on loans taken for capital expenditure should not be excluded from the profits of the company in the calculation of "net profits" just as expenditure on capital account is not excluded. This interest on loans taken for capital expenditure should be distinguished from "interests on loans and advances" excluded from the profits to arrive at the "net profits."

*Sub-section (3).*—The Committee are of opinion that if section 87C is retained, this sub-section should be deleted. There does not appear to be any reason why insurance companies should be exempted from this provision. On the contrary, in the case of insurance companies, it may be necessary to exercise greater control, since in their case it is not only the interests of shareholders which are involved but also those of the policy-holders, *i.e.*, the interests of a still larger section of the public. This sub-section should therefore be deleted in any case.

*Section 87D.*—The word "a" appearing in "a company" in the fourth line of sub-section (1) of this section, seems to be a printing mistake. It should be "the company". There is no reason why a company may not advance its surplus funds to a proper person, firm or company simply because he or it is the managing agent of another company.

*Section 87E.*—The Committee are not sure whether if any loan is inadvertently advanced, this section will have the effect of rendering it void. If it is so, the Committee feel that the wording of the section should be suitably changed so that loans once advanced, whether through oversight or inadvertance, might not be rendered void since otherwise it would mean a great loss to the company.

Moreover, section 87E should not be made applicable to Banks as the chief function of Banks is to give and take loans.

Debentures and secured loans should be excluded from the provisions of this section, as this provision is meant to be a safeguard against the advance of unsecured loans only.

*Section 87E Sub-section (2).*—The amount of maximum fine should be reduced to one thousand rupees as the fact of the imposition of a fine, irrespective of the amount thereof, will be a sufficient humiliation.

*Section 87F.*—The words “present in the meeting” should be added at the end of this section. The Committee think that it is sufficient to have the approvals of three-fourths of the Directors who are present in the meeting. Three-fourths of the whole Board of Directors might not be present in several meetings of the Board and thus matters may be delayed.

*Section 87G.*—This section should be deleted. If enacted into law, it will prove harmful to the interests of the Company. Surplus funds of the Company have from time to time to be invested, both temporarily and for long periods. It is expensive and often impossible to call too frequently meetings of the Board of Directors. Sometimes, the Directors live in different parts of India. Furthermore, if power cannot be delegated to the Managing Agent, it is difficult to understand how a resolution of the Board of Directors can be carried out. All that at the most may be provided for is that the Board of Directors may be consulted before debentures are issued and that the Managing Agents should sign the debentures.

*Section 87H.*—The Committee are definitely of the opinion that this section would be most harmful and should therefore be deleted in any case.

This section, if passed, would cause a great set-back to the industrial development of the country inasmuch as it provides that a Managing Agent shall not engage in any business which is of the same nature as or which is of such a nature that it directly competes with the business carried on by a Company under the Managing Agent. This would mean that no Managing Agent would, in future, be able to manage more than one cotton mill, jute mill, coal mine, tea garden, etc. The Committee fail to understand how an inexperienced person, firm or company is considered to be competent to start a concern but not one who has had previous experience thereof. The experience of the Committee is that the public are more eager to take up the shares of a concern under the management of one who has had previous experience in that line. The Committee, with all their experience, can state that no harm has been done to any company by reason of the Managing Agent starting another concern of the same nature. Besides, though in law it may be said that a concern competes with another in actual business no harmful results follow. For example, the fact of a dozen jute mills or any other industrial ventures being managed by the same Managing Agent is not harmful but beneficial to each other. The Committee are not aware of any grievance having been made on this ground. (This clause does not mention what is to happen when the provisions of section 87H are infringed as they are bound to be). "Multiple" Managing Agents have, as a rule fared better than the "isolated" agent because the valuable experience of such Managing Agents is a great help to the Company. The Committee are emphatically of opinion that such a provision in the Companies Act would not only affect the industrial development of the country, but it would also cause a complete disorganisation of business throughout. The Committee therefore strongly urge that this section should be entirely deleted.

*Clause 37.*—This clause should also be deleted. The Committee consider that the existing law in this connection is quite sufficient. Owing to practical difficulties, it is not possible to send copies of the Memorandum to the Directors and Auditors of the Company. For example, in Calcutta and Bombay, Brokers acting as agents of companies enter into a large number of contracts daily for the purchase and sale of goods in which the companies are undisclosed principals and it will be impossible for brokers to act according to this clause.

*Clause 38 Sub-clause (a) (i).*—In this connection, the Committee desire to point out that Preference Shares are also redeemable on notice without a definite date being fixed. This clause should therefore make clear that either the date of redemption of shares be mentioned or, the period of notice required for redemption should be stated in cases where no date of redemption is fixed but only a prescribed notice is to be given before redemption.

*Sub-clause (a) (iii)—(ff).*—The Committee are of opinion that this clause would create practical difficulties and should therefore be deleted. The prospectus should no doubt contain all information about the present position, but it might be impossible to include therein all the information required by this clause about the past. Such a clause does not exist even in the English Act on which the present measure is modelled.

*Clause 38 Sub-clause (b).*—The Committee would suggest that if a Private Company is turned into a public company, the disclosure of the particulars provided under sub-section (1A) should not be required.

*Sub-clause (b) Sub-section 1A(ii).*—This should be deleted, the reasons for this being the same as given above in connection with sub-clause (a) (iii)—(ff) above.

*Clause 40.*—The proposed section 98A(1) seems to be too wide. An ordinary letter would also come under its provision. This clause provides that any document by which the offer for sale of shares is made to the public shall for all purposes be deemed to be a prospectus. It would thus mean that all restrictions which are applicable to a prospectus would apply to documents which might include ordinary letters and communications, etc. This clause is modelled on the lines of Section 38 of the English Act by which a document containing an offer of shares is to be deemed a prospectus. This provision might be necessary in England owing to a system of what is called "Sales Prospectus" but no such evil exists in India and consequently while the clause will do no good, it is likely to cause unnecessary complications and impediments. This clause should therefore be made clear.

*Clause 41.*—This clause is copied from the provisions of the English Act, but there is a great difference between the conditions

prevailing in the two countries. In India, industries have been mostly built up partly on share capital and partly on capital borrowed from or arranged by Managing Agents or, as in Ahmedabad, on deposits received by the Company. The Committee of the Chamber acknowledge that provisions should be made for the prevention of cases where a company is promoted for the starting of a concern requiring a large amount of money while the promoters are able to raise only a small amount which is squandered away. At the same time, in the interests of the industrial development of the country it is necessary to see that too stringent provisions are not adopted which might, on the one hand, necessitate a complete departure from the practice prevailing in India and which, on the other hand, may be impossible of fulfilment due to want of proper banking or underwriting facilities.

Bearing the above considerations in mind, the Committee suggest that the parenthetical clause "if any part thereof is to be defrayed in any other manner" occurring in the proposed sub-section (1) be made clear to include finances which the Managing Agents or the Directors or any other financier undertakes to provide to the Company with or without security or debenture which the promoters intend to sell to the public. It should be further made clear that the repayment of borrowed monies mentioned in sub-clause 1(c) does not include the monies abovementioned. The Committee have no doubt that this was the real intention of the framers of the Bill, but to avoid any other interpretation being put upon it, the Committee suggest that the section be made clear, as explained above.

*Sub-clause (d).*—The Committee have strong objections to working capital being included under this sub-section (1). If as stated above, the undertaking of the Managing Agents, etc., to arrange for working capital be included in the above noted parenthetical clause then, perhaps, there would be no objection. It may be mentioned that working capital is, in most cases, obtained from banks or other financiers and not found out of share capital and it would be very necessary to delete the words "working capital" from this clause. Sub-clause (4) should therefore be deleted.

As a complete alternative to *Clause 41* of the Bill, and as most suitable to Indian conditions the Committee would suggest that it

may be laid down that the promoters of the Company provide at least 25% of the finance required for the purposes mentioned in (a), (b), (c) and (d) of sub-section (1) in Clause 41 before shares are allotted to the public.

*Clause 44: Section 195A—Sub-section (1).*—In proviso (a) the words “passed in a general meeting of the Company and must be sanctioned by the Court” should be deleted and the following be inserted in their place: “Of the Board of Directors”.

As at present worded, the issue of shares at a discount is not only to be authorised by a resolution at a General Meeting of the Company but must also be sanctioned by the Court. This makes the process unnecessarily strict. The issue of shares at a discount is often necessary for the expansion of the industry in order to make it operate as an economic unit. The sanction of the court in this matter is not at all necessary and this provision should, therefore, be deleted. It should be sufficient if the issue of such shares is approved by a resolution of the Board of Directors. The Committee feel that in certain cases it may be desirable to put a check on the issue of shares at a discount in order to safeguard against fraud, misfeasance, etc. In such cases, provision might be made that if at least 20% of the shareholders differ they may apply to the Court for a decision on the *bona fides* of the issues.

*In Proviso (b)* the following brackets and words “(not exceeding 10% in any case)” should be deleted. As pointed out above, the issue of shares at a discount is generally done in the interests of the Company as a whole and there is no reason why a limit should be placed on the rate of discount. The Committee consider that the matter of fixing the rate of discount should be left to the discretion of the Company and its management. Shares have sometimes to be issued at a high rate of discount in order to raise more capital. For instance, a Cotton Mill may be running at a loss and its shares may be quoted at nearly half the face value. Now the mill may not be in a position to make profit unless some more looms are added. For this reason, more shares may have to be issued, which will not be taken up by the public, unless a fairly high rate of discount is offered, as the existing shares are already quoted at a lower rate. The proposed provision would create great difficulties in such cases and the Committee therefore suggest



that the rate of discount should be left to be decided by those interested in the Company.

*Proviso (d).*—As mentioned in connection with Proviso (a) the Committee are strongly of opinion that no sanction by the Court of Law should be necessary for the issue of shares at a discount. Proviso (d) should therefore be also modified by the deletion of the words referring to sanction by the Court, as an alternative time limit it may be mentioned that the shares must be issued within one year of the sanction of the Board of Directors.

*Section 105 B Sub-section (1): In Proviso (a)*—add the following :—

“Or out of the sale proceeds of property”.

The Committee do not consider it desirable to restrict the redemption of preference shares only out of either the profits of the Company or out of the proceeds of a fresh issue made for that purpose. Sale proceeds of property should also be included in this category so that preference shares may be redeemable out of such sale proceeds also, *e.g.*, a Company may come in possession of a property by way of settlement of a debt or mortgage and it may get enough money from the sale proceeds of its property to redeem preference shares. There is no reason why the company should not be able to do this. Similarly a manufacturing concern may have part of its machinery idle. There is no reason why such a company may not sell out its idle machinery and utilise the proceeds in redeeming some of its shares.

*Proviso (b).*—This Proviso is quite unnecessary. The Committee do not see any reason why partly paid preference shares should not be redeemable. This proviso should therefore be deleted.

*Proviso (c).*—This stipulation appears to be unnecessary as Court sanction has to be obtained before any reduction of capital *i.e.*, before redemption.

*Proviso (d).*—Premium may also be made payable out of sale proceeds of property or out of reserve fund, etc., for reasons stated in connection with proviso (a) to sub-section (1) section 105 B.

*Section 105 B Sub-section (2).*—Apart from preference shares redeemable “on a certain date” there may be other preference shares

which may be redeemable on notice (of certain given period). Provision should, therefore, be made for this also.

*Section 107 of the existing Act.*—This section deals with payment of interest out of capital. This section enables certain Companies, during the period of construction, to pay dividends on capital and charge such payment to Block Account. Payment can only be made provided the same is authorised by the Articles of Association and provided that the previous sanction of the Local Government has been obtained. It is also provided that such payment is not to exceed 4% per annum.

The Committee suggest that a section may be added, after this section, enabling Companies which are already operating and which may borrow monies against debentures or loans for new construction, the debit interest paid on such loans to Construction Account and not to the current Revenue Account and continue to pay dividends on the regular operation of the Company. Take for instance, a Company that is working successfully and paying dividends out of its operating profits. Such a company embarks on a programme of extensions and for this purpose borrows monies on debentures or on loans instead of raising fresh capital for the purpose. For a period of 2 or 3 years when construction is proceeding, there is no return on the monies employed in construction, but at the same time such monies are carrying interests against the Company. The Company, however, in its successful operation, is making profits and in the ordinary course the interest on debentures raised for new construction may have to be debited to the regular profits. The Directors of the Company may, however, consider that such interest may be capitalised so that the shareholders are not deprived of the dividend on the profits of the regular operation of the Company. If it is not definitely made clear that this is allowed by law, the question may be raised whether, in such an event, the payment of dividends would not be out of capital and would not militate against the provisions of the present section 107 of the Act. The above additional section would, therefore, make matters clear.

The Committee might also point out that debitting of such interest to block account is not against any accountancy principle, but on the contrary is a recognised principle in accounts.

*Clause 48: Section 109 sub-section (3).*—The words “every Director, Manager, Secretary or other Officers of the Company and” should be deleted. When a Liquidator, Receiver or Manager is appointed, it is sufficient if those alone along with the manager of the Company are made liable under this section. The Committee consider that it is hardly equitable to make the Directors and other Officers of the Company liable in such cases.

*Clause 53: Section 130 sub-section (3).*—This sub-section imposes a responsibility on the Director which in actual practice, it will be very difficult for him to shoulder. It is not possible for a Director to keep in touch with such small details of routine work. This sub-section should only apply either to the Manager or the Managing Agent who is directly in charge of the affairs of the Company. Such provisions would make it difficult for Companies to get good Directors whose general guidance is valuable in the interests of the Companies. This sub-section should therefore be deleted.

*Clause 54: Sub-clause (c) Section 131 Sub-section (3) (i).*—The Committee consider that the existing exemption of Private Companies from the provisions of this section is desirable and necessary. In case of Private Companies, all the formalities in connection with the Balance-sheet that are required to be fulfilled in the case of public companies need not be insisted upon, as Private Companies are usually family concerns and do not affect the general public. The members meet together and consider the accounts, etc. If a Private Company consists of strangers they will themselves insist that the accounts be sent to them.

A private company differs radically from a public company in that its business and business operations are solely the concern of a few selected persons,—its directors and shareholders,—and the public at large are not concerned with the financial commitments or dealings of a private company. Accordingly a private company does not stand on the same footing as a public company as regards the disclosure of its acts and other kindred matters and should not therefore be put on the same basis. Sub-clause (c) (i) should therefore be deleted and the provision regarding the exemption of private Companies should be retained.

*Clause 66: Section 153A Sub-section (2).*—The Committee beg to refer you to the words “*freed from any charge*”. There must be some provision for the protection of the rights of secured creditors, unless they themselves have abandoned the same in respect of the property to be transferred.

*Sub-section (3).*—The time of seven days allowed for a Company to deliver a certified copy of an order under this section to the Registrar is too short. In the High Court itself more than seven days are usually taken up in drafting and signing the Order. Hence a much longer time should be allowed under this sub-section.

*Section 153B, sub-section (1).*—In line 10, the words “*ninetenths*” should be substituted by the words “*seventy-five per cent*”.

The Committee consider that the approval of the scheme or contract involving the transfer of shares under this sub-section should be deemed sufficient if the holders of not less than 75% in value of the shares agree to the same.

*Clause 82: Section 208 C, sub-section (3).*—The Committee desire to point out that Clause 27 *supra* has already done away with the confirmatory part of a special resolution. This sub-section may therefore be amended accordingly and the word “*confirmation*” may be substituted by the word “*passing*”.

*After Clause 92.*—Part VIII of the existing Companies Act which relates to the conversion of concerns into Companies should be made applicable to joint Hindu families also. It will greatly facilitate the task of joint Hindu families who wish to convert themselves into Limited Companies. Under the existing Law, when part 8 is not applicable to joint Hindu families, they have first to break up into different units and then form a limited company if they desire to do so. It is suggested that this handicap from the path of joint Hindu families may be removed by adding a provision in the Bill to the effect that Part VIII will apply to joint Hindu families.

*Clause 96: Section 277E sub-section (2).*—It is not clear why the word “*drawing*” in connection with Bills is omitted. The word “*drawing*” should therefore be added after the words, “*discounting, buying, selling*” in this sub-section.

The various items of business which this section allows the Banking Companies to engage in, do not include the purchasing, selling, taking and giving on lease and exchanging properties, or building of houses. The Banks should be allowed to have their own offices, godowns, etc., and if necessary, to change their office from one place to another. The Committee suggest that Banking Companies should be permitted to include these also within the scope of their activities.

*Section 277 H.*—Rs. 50,000 is a low limit for a banking company to start business with and is not sufficient. The Committee suggest that the limit be raised to at least Rs. 2 lakhs.

*Clause 97: Section 262 B, sub-section (1).*—After the word “Employees” in line 2 add the words “or candidates for employment”. It is well-known that certain companies advertise for employees and request their candidates for employment to deposit securities. Hence the necessity for the addition of these words.

In the same sub-section after the words “the Imperial Bank of India” add the words “or any other scheduled Bank”. There is no reason why the opening of accounts should be limited to the Imperial Bank of India only. The rate of interest of the Imperial Bank of India being lower than those of other banks, these securities should be allowed to be deposited with other Scheduled Banks under the Reserve Bank of India in order to earn more interest.

The Committee also suggest that instead of limiting the investment of employees’ securities only in fixed deposits, it should be permissible to invest them in trustees securities also which, however, may be kept in safe deposit in the Bank.

*Sub-section (2).*—Firstly the Committee are of opinion that it should be sufficient for the safety of the employees’ interests that 60% of the Provident Fund money is invested in trustees securities. The remaining 40% may be invested in other more paying avenues. This provision would be in the interests of the employees as, after providing for a reasonable safeguard of their interests, it would enable them to earn more interest on at least a part of their provident fund money. The employees themselves desire it for their own benefit.

The words "clause (a) to (e) of" in this sub-section should be omitted. The scope for investment in trustees securities should be widened, and should include the extension of the list of such securities as the Legislature may in future decide to include within the list.

*Sub-section (3).*—After the words "an employee" add the words "or a candidate for employment". This addition is made on the same reasons as given in connection with similar addition in sub-section (1) above.

It is not necessary that as provided under this sub-clause a separate Bank's receipt in respect of each employee should be made available to him. This would mean the opening of separate accounts in the name of each employee. It should be sufficient if the whole amount is consolidated and shown in one receipt.

The Committee trust that the above views expressed by them would receive careful consideration both by the Government and by the Legislature and the various changes suggested would be incorporated in the Bill.

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Letter No. 00977, dated 3rd August 1936.

From Chamber to the Hon'ble Sir N. N. Sircar, Kt., K.C.S.I.,  
The "Yarrow", Simla.

I am directed to acknowledge receipt of your confidential D. O. communication dated the 25th July 1936, together with the enclosures and to thank you for the same. The Committee have carefully gone through the views submitted by the Bombay Shareholders' Association as contained in the enclosure. While the Committee of the Chamber agree to the suggestion that the managing agents of a company should be prohibited from entering into contracts with the Company as principals, they wish to make it clear that there should be no restriction on one company under a managing agent contracting or dealing with another company under the same managing agent. This obviously cannot be the intention of the suggested provision but since from some of the illustrations given in support of it, the Committee find that the proposal may be open to misinterpretation, they wish to emphasize that the restriction

should be limited only to the contracts of managing agents with the company as principals and should not extend to the transactions between two sister companies under the same managing agents. For example a jute mill or a cotton mill should not be prohibited from buying or from affecting insurance with a sister insurance company. Similarly, a cotton mill may buy hessian from a sister jute mill, or a jute mill may buy piecegoods from a sister cotton mill.

I hope I have made the point clear.

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SPECIAL LEGISLATION TO ENSURE THE SAFETY OF  
AIR-CRAFT IN FLIGHT.

Copy of letter No. 1111-19-Com. dated 19th February 1936.

From the Government of Bengal, Commerce Department  
to the Chamber.

*Special legislation to ensure the safety of air-craft in flight.*

I am directed to forward for the information of your Chamber the accompanying copy of a letter from the Government of India, Department of Industries and Labour (Civil Aviation) No. T.-51, dated the 20th January 1936 and of its enclosure on the subject of special legislation to ensure the safety of air-craft in flight and to request that any opinion which your Chamber may desire to submit on this question may be sent to this Department by the 24th March 1936.

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*Copy of a letter No. T.-51 dated the 20th January, 1936, from the Government of India, Department of Industries and Labour (Civil Aviation), New Delhi to all Local Governments and Administrations.*

*Special legislation to ensure the safety of air-craft in flight.*

The Government of India have recently examined the adequacy of their general power to ensure the safety of air-craft in flight. As you are probably aware the main air-routes in India are now being re-organised, considerable sums have been or will be spent on the

improvement of existing aerodromes and landing grounds, on the provisions of new aerodromes and landings, on lighting equipment and on wireless and meteorological facilities. It is evident that the effects of this comprehensive programme which can be carried out only on land owned or acquired by Government may be impaired in the absence of certain powers of control over private property.

2. In the first place, it is essential to provide and maintain safe approaches to any aerodrome or landing ground open to public use. At present the Government of India have no power—short of complete acquisition—to acquire existing buildings or obstructions to be modified or removed, or to control the erection of new buildings and obstructions in the vicinity of aerodromes or landing grounds. The acquisition of large areas of land—extending perhaps to points 2,000 yards from the boundary of an aerodrome or landing ground—is too expensive to contemplate and efforts to prevent the erection of individual buildings or obstructions by *ad hoc* acquisition proceedings are unsatisfactory.

Secondly, it is most important that there should be no interference with the full use of wireless not only for communication with aircraft, but also as an aid to navigation. The full use of wireless may at present be impaired by the presence within 500 yards of the aerial system of any form of continuous electrical conductor such as a power line, a telegraph or telephone line, or metallic pipes or fences, by large buildings and buildings containing electrical machinery or electrically conducting material; or by large trees and heavy undergrowth. Here again, short of complete acquisition, the Government of India have no control over privately owned land adjoining a wireless station, and the difficulties are substantially the same as those arising in the case of aerodromes and landing grounds.

Thirdly, the Government of India consider that it would be unsafe to proceed upon the assumption that Section 5(2)(j) of the Indian Aircraft Act, 1934, empowers them to insist upon the lighting of private property when such lighting is desirable or necessary for the safety of aircraft in flight, or to control the use of private lights which may confuse pilots and therefore endanger air-craft in flight.

3. The Government of India believe that legislation to restrict the use and enjoyment of private property for the purposes indicated



in the preceding paragraph is inevitable. Legislation might no doubt be postponed for some years on the ground that the difficulties are not yet acute. But I am to suggest that it will be wise to undertake it now, when the effect of the development of Civil Aviation upon land values is still negligible, and the least possible disturbance and inconvenience will be caused to the public. I am accordingly to enclose a memorandum outlining the legislation which the Government of India regard as desirable. This memorandum is not intended to be the draft of a Bill, but it is sufficiently complete to show what the main provisions of a Bill would be.

4. For the protection of aerodromes and landing grounds and wireless stations the Government of India propose to adopt the principles and the general arrangement of the Indian Works of Defence Act, 1903. The definition suggested are sufficiently wide to bring privately owned "aerodromes" and "radio-electric stations" within the scope of the legislation, but the powers which it is proposed to take would be exercised only in the public interest for the protection of aerodromes or radio-electric stations owned by Government, or by companies or private persons willing to pay the necessary expenses.

Proceedings would be conducted at the request of the Government of India by or under the orders of local Governments as it would be necessary to employ the provincial staff responsible for land acquisition work. The first step would be a preliminary notification, the purport of which would be the same both for aerodromes and for radio-electric stations, declaring the intention to impose restrictions and defining the area in which they are to be imposed. The preliminary notification would, if necessary, be followed by the usual entry upon and survey of the land and any damage done at this stage would be summarily assessed and paid for. A final notification actually imposing restrictions would follow, and I am to explain that the restrictions required for the protection of a radio-electric station differ from those required for the protection of an aerodrome. The area to be controlled in the neighbourhood of an aerodrome may be large, but it would ordinarily be divided into sections in which the intensity of the restrictions would vary. For example, it might be necessary to remove certain existing buildings from the normal approaches and to prohibit further building along those approaches without previous sanction; elsewhere in the

area a limitation on the height of buildings might suffice. The restrictions would be confined to physical obstructions. For the protection of a radio-electric station on the other hand the restrictions would probably be uniform within a comparatively small area (*e.g.* a circle with a radius of 500 yards), and would extend to all objects likely to interfere with "radio-electric services". An underground cable, or a building which does not obstruct air-craft in flight may impair very considerably the efficiency of a radio-electric station.

Power to enforce the restrictions would be necessary but this power would not be exercisable, except in emergency, until compensation had been awarded. The procedure for the assessment and award of compensation would follow very closely the provisions of the Indian Works of Defence Act, 1903.

5. There is, so far as the Government of India are aware no exact precedent for the powers which it is proposed to take to light privately owned buildings and obstructions, and to control the use of private lights. It is proposed that these powers should be summarily exercised by the Director of Civil Aviation, whose orders would be appealable to the Governor General in Council. It is not possible to limit the exercise of the powers to defined localities, as even on the most frequented air routes the courses taken by air-craft vary considerably. As a general rule the cost of lighting equipment installed at the instance of the Director of Civil Aviation and the cost of maintaining and operating the lights would be met by the Government of India, but it is suggested that the owners of buildings and obstructions erected after the coming into force of the legislation might in certain cases be required to meet the expenses themselves. A person who builds a high factory chimney on the line of an existing air route can fairly be expected to take simple precautions to prevent danger to air-craft. No compensation would be payable in any case except for actual damage or for the acquisition of land, *e.g.*, for the establishment of a power house.

6. The Government of India will be glad to be furnished with the views of the local Government on the outline of the legislation provisionally proposed, and I am to request that, if possible, a reply may be sent to this letter by the 30th April 1936.

Letter No. 362, dated 14th March 1936.

From the Chamber to the Government of Bengal, Commerce  
Department.

*Special legislation to ensure the safety of air-craft in flight.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to acknowledge receipt of your letter No. 1111-19-Com., dated 19th February 1936, with enclosures in the above connection and to say that the Committee are in general agreement with the proposal of the Government of India for undertaking legislation to ensure the safety of air-craft in flight.

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REFORMS IN THE INCOME-TAX LAW IN INDIA : ENQUIRY  
BY EXPERTS.

Letter No. 127, dated 30th January 1936.

From the Chamber to the Central Board of Revenue, New Delhi.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to forward hereunder their views in regard to the Income-tax Administration in India, particularly with reference to the Enquiry that is being conducted by the Committee of Experts.

At the outset the Committee wish to convey to the Central Board of Revenue that the points that have been dealt with in this Memorandum are, except in two or three cases, in addition to the points that have been included in the Memorandum recently submitted to the Central Board of Revenue by the Federation of Indian Chambers of Commerce and Industry. Nevertheless the Committee wish to make it clear that the points included in the Federation's Memorandum have the full support of the Chamber.

Before making their detailed suggestions, the Committee desire to point out that the Income-tax Law, as it at present exists in this country, is full of anomalies and needs several changes. The law is admittedly defective from the point of view of the distribution of burden on the taxpayer and is not conducive to industrial development of the country. There also exists a very strong feeling of discontent among the assesseees on account of the harrassments and hardships they are often put to, due to the very large and summary

powers which the Income-tax authorities enjoy in assessing the tax. A thorough change, is therefore, urgently called for in order to inspire confidence in the people and to remove the various defects and shortcomings in the existing Act. Beyond the necessity of a general reduction of the Income-tax and abolition of the surcharges, the following are some of the measures which should be considered in the overhauling of the present system of Income-tax in India :--

1. *Relief for errors in the past year.*—There is an absence of provision of relief in subsequent years for errors or mistakes made in the past. The Committee would point out that such a provision exists in England where relief for errors or mistakes would be granted at any time within six years after the end of the year of assessment in which the mistake has occurred. However, while preparing a return for Income-tax assessment it sometimes happens that through oversight certain allowable items are not deducted or an item of expenditure of the nature of revenue is charged to capital expenditure, or purchases happen to be understated for some reason or other but in such cases the assessee in India has got to pay for all such errors. The Committee feel that the Income-tax Act in India should make provisions for mistake by a refund of the duty, so as to bring the Indian Income-tax Act in a line with that in Great Britain. Income-tax Authorities on the other hand, are armed with penal provisions by sections 51 and 52 of the Act, which enable them to recover the entire amount of the tax not only for one year but for any number of the past years and also impose, in addition to the tax so levied, a heavy penalty, substantially more than the tax.

2. *Family Allowance.*—The basis of taxation in England is to a considerable extent different from that in India. In England, when a person is taxed, the amount of taxation is different in the case of married and unmarried people, people without and people with dependants, and lastly, earned and unearned income. In arriving at the taxable income in England, £100 are allowed to be deducted if the person is single, £130 if married, £50 more for the first child, £40 more for the other children, and similar deductions are allowed for dependants. Thus the taxation in England is based upon the ability of a person to pay tax. In India where the family burdens are more heavy than anywhere else, no such provision exists. The result is that economically the weaker and less

able section bears the largest proportion of the tax-burdens of India." The Committee would therefore emphasise the necessity of making provision for similar deductions from taxable income in case of persons with families, so as to distribute the burden of taxation equitably on the people.

3. *Double depreciation on machinery.*—The Committee feel that it would be just and equitable if Rule No. 8 of the Indian Income-tax Act is suitably amended so as to permit a double depreciation allowance on machinery employed in factories, where such machinery has been running day and night for an extended period. A point may be raised in this connection that it would be very difficult to get authentic proof of the hours of daily work in a factory and that it would entail heavy work on the Income-tax Department. The Committee would then suggest that the depreciation allowance may in the alternative be based upon the average daily running hours of the financial year under assessment and that the certificate of the Registered Auditors may be accepted as regards the hours of work per day.

4. *Bad debts Allowance.*—This subject is a source of great hardship to assesseees in the hands of Income-tax Officers and Assistant Commissioners, who are the judges of fact. They disallow the deduction of bad debts from taxable income, on the ground that legal steps were not taken for recovery. Now a businessman may be quite certain that particular debts are irrecoverable under any circumstances and may not deem it advisable to waste money by taking legal steps for such debts. On the other hand in many cases of failure to recover debts by legal proceedings, the Income-tax Officers do not allow such legal expenses to be deducted on the ground that the assessee should have considered the debts as irrecoverable and should not have wasted good money after bad. This inconsistent policy of the Income-tax Authorities requires modification so that the Income-tax Authorities should be more liberal in allowance of bad debts and should not disallow such deduction merely on the ground that legal proceedings were not taken. Moreover, legal expenses for recovery of debts should be allowed to be deducted from assessment, although the debts in question turn out to be irrecoverable.

5. *Definition of "Residence" as Applied to Companies.*—*"Residence"* of a *"Person"* is in several sections of the Income-tax

Act the basis of liability to tax. Companies are taxed as "persons resident" although it is an inappropriate term to apply to companies. Provisions of the Income-tax Act were framed mainly with natural persons in view and inconsistency arises in applying them to artificial persons, *e.g.*, Companies, etc. Thus the term "residence" requires a clear definition so far as it applies to Companies. The Government of India have expressed an opinion that a definition of "Residence" of Companies should appear in the Income-tax Act and not in the Indian Companies Act. But the Committee would suggest that this definition should appear in the Companies Act, for then it could be applicable to the Indian Income-tax Act and all other Acts in which the residence of Companies is a material fact. It should also be borne in mind that at times enactments cognate to the Income-tax Act are passed for taxable purposes. If "residence" is defined in the Indian Income-tax Act then special care will have to be taken in the case of each of the other taxation enactments to extend the definition to these enactments.

6. *Deposits in case of appeals.*—Section 45 of the Income-tax law permits the Income-tax Officer to use discretion in the matter of calling for deposit before the appeal is finally disposed of. But as a rule no relief is given to the public under this section even in genuine cases of appeal. The provisions of the Act should be so amended as to give protection to the assessee by judicial assessment

7. *Appeals.*—Final appeal against findings of the Income-tax Officer lies with the Assistant Commissioner of Income-tax who having natural leaning towards increases of revenue is not expected to decide cases with an open and unbiassed mind. The double role of the Assistant Commissioner as supervisor of the work of the Income-tax Officers in his administrative capacity and his sitting as an appellate authority over the order of the Income-tax Officer for reduction of assessment, is fundamentally inconsistent and against the principle of justice. In order to eliminate this defect the Committee would recommended that the appellate authority should be a body composed of persons say, three in number, of whom one should be a non-official having business experience, one an official having knowledge of law and accountancy and the third a judicial officer not below the rank of a Subordinate Judge, or if it is entrusted to a single individual official, he should be one

trained in Civil Law and Accountancy and have no connection with revenue of the Income-tax Department.

8. *Reference to High Courts.*—The Commissioner is given the power of revision under section 33 thereby saving assesseees of the expenses of going up to the High Court. But this power is exercised by the Commissioner only on condition that the assesseees will forego the other subsequent remedies conferred on them under the law. This is against the natural order of remedies conferred on the assesseees in the Income-tax Act and also against public policy. Moreover, under section 66 the Commissioner refers to the High Court any question of law, arising out of the assessment. But the High Courts have often to criticize the action of the Commissioner of Income-tax for defective formulation of the question of laws or for incomplete statement of facts. The Committee therefore think it desirable in the interest of justice that the intermediate authority should not be the executive head of the department but an impartial one.

9. *Delay in refunds.*—The experience of the commercial community is that undue delay takes place in the matter of obtaining refunds by the assesseees. Steps should be taken to expedite the payment of the refunds. The Committee would suggest that it would be helpful if in future, the Income-tax officers would be asked to put up a note for the consideration of the Commissioners stating why refund in each case was delayed beyond three months. This would be a salutary check and would not operate harshly on the assesseees as it would be done automatically under departmental rules.

#### 10. *Judicial discretion.*—

Section 23(4)—“Assessment to the best of Income-tax Officer’s Judgment” and section 27—“Reasonable opportunity”, “Sufficient Cause”.

The Committee understand that the Income-tax Officers hardly care to follow the above correctly and arbitrary powers are exercised by them on the basis of the above sections. It is therefore, necessary to amend the law so that the language should be made clear and special provisions should be made so as to stop Income-tax Officers from exercising arbitrary powers. The Committee would

point out that if instead of the word "Judgment", "Judicial Discretion" were inserted, that would be some check on the Income-tax Officers' arbitrary methods.

11. *Roving Enquiry*.—Under section 34, the Income-tax Officer is given power to call for books and accounts of any assessee, who according to the Officer, has escaped assessment under certain heads of income or is assessed at a low rate. But calls under this section are often made under frivolous grounds, without the income-tax Officer having the power to do so, and roving enquiry is made. The items under which the Income-tax Officer thinks that income has partially or wholly escaped assessment, should be disclosed in the notice. This contention has been upheld by the Calcutta High Court in the case of the Commissioner of Income-tax *vs.* Messrs. Mahaliram Ramjeedas. This should be made clear beyond doubt. The Committee understand that in spite of the High Court Ruling, the Income-tax Officers are unjustifiably continuing a roving enquiry and are proceeding with previous notices, which have been held by the Calcutta High Court to be wrong.

12. *Income-tax (Provident Funds Relief) Act, 1929*.—The provisions of the Income-tax (Provident Funds Relief) Act 1929 produce inequitable effect inasmuch as these in practice result, in certain cases, in subjecting to income-tax employees who would not otherwise be liable, or in making them liable at higher rates to such an extent that employees have seriously to consider whether in the interests of these employees they are justified in applying for recognition.

13. *Computation of Profits*.—According to Section 13, the Income-tax Officer is given power in case of merchants who do not keep accounts at all or who do not keep accounts properly according to the officer, to use his discretion in computation of profits. But the power given to the Income tax Officer under this section is often misapplied. As for instance, in the case of Rice Mills and Oil Mills, a fictitious standard of production is set up and the income-tax is computed as a certain percentage of turnover say 10% or so. Thus injustice is done to many traders, as the Income-tax Officers being interested in increasing the Income-tax revenue, are always inclined to fix the production or turnover at a higher level, and the income-tax on a fictitious standard. It is therefore necessary to put a check upon the power of Income-tax Officers in this matter.



14. *Summary Assessment.*—The process of summary assessment is both unjust and oppressive and in many cases the assessee is involved in a long winded process of appeals. This summary assessment should therefore be substituted by non-official enquiry by public men of character and confidence, who should be requested to help the Income-tax Officers in arriving at an equitable assessment.

15. *Allowance of Working Expenses.*—Under the Income-tax Act at present, insufficient allowance is made for the actual working expenses of a firm. If one of the partners of a firm work as the Manager, his remuneration is not allowed to be deducted as working expenses of the firm for income-tax purposes. Now, if the same man be employed in the firm as a paid servant his pay will be allowed to be deducted in the Income-tax Assessment. This means that a firm cannot take one of the best business enterprisers as its partner but may retain him as a paid servant of the firm. Provision should therefore be made for allowing the remuneration of the working partner from Income-tax Assessment, so as to bring the Income-tax Law of India on the lines with that in England where such remuneration is included in the working expenses of the firm along with other expenses for Income-tax Allowance.

16. *Joint Hindu Families.*—In the Income-tax Act, a special clause is inserted for taking the Hindu Undivided family. This does not appear to be just. If, say, five persons have each of them an annual income of Rs. 800 and if they live apart, they are not taxed. But, if they happen to live together in amity and in one mess, and if they happen to be Hindus they must pay income-tax. On the other hand, if they are Mussalmans or Christians they are exempt from paying any tax. It is highly desirable that this special clause for the Hindus be deleted from the Income-tax Act, and provision be made that the law relating to a partnership would apply to a joint family.

17. *Obsolescence Allowance.*—The attention of the Committee has been drawn to the absence of a provision in the Income-tax Act for carrying forward obsolescence allowance. This should be carried forward in the same manner as depreciation. The Committee further understand that on the advent of the "Talkies" in the field of film industry, many Film producing companies which had invested lakhs of rupees in their studio machinery for the production

of "Silent" Film, found their machinery absolutely useless and they had to institute new machinery producing "Talkies". Thus the enormous amount was lost on this scraped machinery, but the income-tax law does not allow this loss to be deducted from the assessable income. Cases similar to this often happen in other industries also and the Committee think that it would be just and equitable to make provision for obsolescence allowance.

18. *Allowance for Depreciation on Coal Lands.*—The next point to which the Committee wish to invite your attention is the necessity of making suitable provision under the Income-tax Law in India for allowing depreciation on blocks of coal property from the Income-tax assessment. The Committee are informed that the lease-holders of coal lands in Bengal and Bihar have to pay, as a preliminary consideration for the lease, a lump sum known as Salami to the Zamindars besides the Royalty charges on the dispatch of coal made from coal land. The Committee understand that while the Royalty charges are allowed as Revenue expenditure for the purpose of Income-tax assessment, the amount of salami is considered capital expenditure and is not allowed. The Committee would point out that a mine is as much an exhaustible asset as machinery in a factory is liable to depreciation, for which an allowance is fixed by the Income-tax Act. It will also be noticed that whenever the amount paid for salami is comparatively higher, Royalty charges will be lower and *vice versa*. The Committee desire to impress that the amount of Salami is nothing but Revenue Expenditure to be spread over a number of years. The Committee would therefore urge upon you the necessity of making suitable provision for allowing depreciation on coal land on the basis of 50 years as an average life of a colliery.

19. *Presents.*—There is no provision in the Income-tax Act for the allowance of the amount spent in giving presents by the businessmen. The Committee understand that considerable amount is spent by businessmen on presents in order to create mutual goodwill amongst those who work together. This expenditure represents genuine business expense just like bonus to staff and servants, which is allowed by the Income-tax Act and the Committee feel that the Income-tax Enquiry Committee should devise suitable means with a view to give relief in cases of genuine business gifts.

20. *Life Assurance Profits*.—Under the present system, the Life Assurance Companies are taxed on the profit shown by the actuarial valuation. The Committee understand that the profit disclosed as a result of the actuarial valuation is not “profit” in the real sense of the term as applied to trading concerns; but it is only actuarial surplus consisting of premium received, interest on securities, interest on premiums, etc. Consequently it is unfair to tax the whole of this surplus. The Committee think that the real item which ought to be taxed in case of life Assurance Companies is the interest—income less expenses of management—which constitutes the net increment to the fund of the Company or the dividend distributed to shareholders, whatever is greater.

21. *Orders for Submitting Commission Accounts, etc.*—The Committee understand that the Income-tax authorities often issue orders on businessmen for preparing and submitting to the Income-tax Officer statements of moneys paid to others whether for price of goods, or for brokerage or commission or profits or for the construction of buildings, or for any other reason, although the accounts in question have been checked and assessed already. This is done not with a view to discovering some error in assessment but it is done for the purpose of getting some materials for taxing other persons. The Committee would point out that the account of big business firms, dealing in several commodities, are a huge affair and the preparation of the detailed accounts for all the transactions causes a great harassment and often unsettles the whole business. The Committee would therefore suggest that a provision should be made whereby such orders may be issued only in urgent cases for any of its specific items.

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#### PROPOSAL TO AMEND THE INDIAN TEA CESS ACT.

*Copy of letter No. 476(1)Tr. (I. E. R.) dated the 27th January 1936, from the Government of India, Department of Commerce to all recognised Chambers of Commerce and Commercial Associations.*

*Proposed amendment of the Indian Tea Cess Act.*

I am directed to forward, for information, copy of a letter from the Indian Tea Association No. T.C.-1,\* dated the 6th January

1936, and its enclosures, from which it will be seen that the Association have made certain proposals for amendments of the Indian Tea Cess Act. Before arriving at a decision on the question of giving legislative effect to these proposals, the Government of India will be glad to know whether your Chamber have any observations to offer on them and in particular on the following :—

- (1) Alteration in the maximum rate of cess leviable from annas -/12/- to Re. 1/8 per 100 lbs. of tea exported; and
- (2) Change in the constitution of the Committee (Bureau) so as to raise the number of members from 20 to 25 to provide for greater representation thereon of the Indian Tea interests.

2. As the Indian Tea Association are particularly anxious that legislation be undertaken during the forthcoming session of the legislature in the event of their proposals meeting with general acceptance I am to request that the reply of your Chamber may be communicated at a very early date so as to reach this Department not later than the 15th February 1936.

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Letter No. 221 dated 15th February 1936.

From the Chamber to the Government of India,  
Department of Commerce.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to acknowledge receipt of your letter No. 476(1) dated 27th January 1936, along with enclosures re: proposed Amendment to the Indian Tea Cess Act, and to forward hereunder the opinion of the Chamber in this connection :—

The Committee of the Chamber have carefully considered the grounds stated by the Indian Tea Association for support of their proposal for altering the maximum rate of cess from annas -/12/- to Re. 1/8/- per 100 lbs. of tea exported. The Committee, while appreciating the necessity of sufficient funds for propaganda works for popularising tea in India and abroad, wish to make it clear at the outset that the collection of funds should be at a rate which will be consistent with the amount of money required for useful expenditure.

The Committee consider at present that a cess at the rate of maximum of Rs. 1/8/- per 100 lbs. of tea exported, is unduly high and they are of the opinion that the Government of India should alter the maximum rate of cess leviable from as. -/12/- to Re 1/- per 100 lbs. of tea exported only, instead of raising the maximum to Re. 1/8/-. The Committee would also suggest that if at any future time it becomes necessary for the industry to make a larger collection of funds, the matter might be brought up again at a later period; but at present the figure of maximum levy should not be fixed at more than Re. 1/- per 100 lbs.

In regard to the formation of the International Tea Market Expansion Board in London for taking up the propaganda hitherto carried on by India, Ceylon and the Netherlands East Indies in the various markets, the Committee wish the Government of India to lay down that the direct responsibility for all foreign propaganda and the management and voting of all the funds in this connection should rest with the Indian Tea Cess Committee. The Committee of the Chamber would also suggest that the International Board should be such as would disseminate knowledge, send out its recommendations to the various National organisations and would work in a consultative capacity only, without taking away the powers and responsibilities for publicity and propaganda work from the National bodies.

The Committee also want to impress upon the Government of India that in view of the magnitude of the Indian Tea interests in the world compared to those of Ceylon and Netherlands East Indies, there appears to be no justification for the Indian Tea Cess Committee to entrust its propaganda work to another International Body without being sure of adequate representation of the Indian tea industry commensurate with its position in the Tea Industry of the world.

In paragraph 5 of their letter, the Indian Tea Association have stated that an amount of Rs. 85 lakhs will be required for fullest expansion of the present propaganda campaign. The Committee do not desire to go into the details of the proposal but all the same they wish to emphasize that the Government of India should carefully scrutinize the proposal, with a view to avoid useless expenditure. In this connection, the Committee would also suggest that a larger number of Indians be employed for carrying out propaganda work etc., of the Indian Tea Cess Committee.

In regard to the proposal for changing the name of the Indian Tea Cess Committee to "The Indian Tea Market Expansion Board (Bureau)", the Committee are of the opinion that this change of name is immaterial and not desirable as people may be led to consider that a new body has come into being and the change may create confusion.

The Committee of the Chamber have considered the proposals of the Indian Tea Association for increasing the Membership of the Indian Tea Cess Committee from 20 to 25 and allotment of the same. In this connection the Committee want to urge that the Indian Tea Cess Act should provide for a greater representation of Indian interests on the Indian Tea Cess Committee.

In regard to the borrowing powers proposed to be given to the Tea Cess Committee, the Committee feel that it would hardly be judicious to do so, as it may be a source of danger to the Industry, for in the event of a sudden depression in trade, resulting in a lowering of tea prices, the propaganda initiated by the Cess Committee cannot be curtailed immediately, and the producers would consequently be put to great inconvenience because they would have to pay a high cess to meet the expenditure already incurred, and the commitment made by the Cess Committee, as a result of the borrowing powers possessed by them. For the various reasons outlined above, the Committee would suggest to the Government of India that the maximum rate of cess should be altered from annas 12 to Re. 1 only per 100 lbs. instead of Re. 1/8/- as proposed by the Indian Tea Association. Committee also feel that the constitution and working of the Indian Tea Cess Committee should be amended on the lines suggested above.

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#### BENGAL WEIGHTS AND MEASURES OF CAPACITY BILL, 1935.

*Copy of letter No. 149-T.M., dated 10th June 1936, from the Government of Bengal, Local Self-Government Department, Municipal Branch, to the Chamber.*

I am directed to forward a copy of the Bengal Weights and Measures of Capacity Bill, 1935,\* prepared by Moulvi Abdul Hakim, a non-official member of the Bengal Legislative Council, for the

purpose of regulating weights and measures of capacity in Bengal, and to request that Government may be favoured with the opinion of the Chamber on the provisions of the Bill.

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Letter No. 819, dated 6th July 1936.

From the Chamber to the Government of Bengal, Local Self-Government Department, Municipal Branch,  
Darjeeling.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to your letter No. 149-T.M., dated 10th June 1936, forwarding therewith a copy of the Bengal Weights and Measures of Capacity Bill, 1935, and requesting the Chamber for an expression of its opinion on the same.

The Committee of the Chamber are of the opinion that the object of the Bill is good, but they feel that the provisions of the Bill should not exclude the making of contracts and dealings according to other weights and measures, *e.g.*, lbs., cwts., tons, gallons, etc., as these are also used in India in several contracts and dealings. The Committee therefore suggest that these weights and measures should also be provided for in the Bill along with Seers, Maunds, etc., which are included in the Bill. The Committee would be glad if the Government of Bengal would consider their suggestion carefully and make the necessary amendments in the Bill.

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INSERTION OF NEW RULE 43-A., IN THE BENGAL FACTORIES  
RULES, 1935.

*Notification No. 2083-Com., dated 23rd March 1936, from the  
Government of Bengal.*

• The following draft of a rule, which the Governor in Council proposes to make in exercise of the power conferred by section 32 of the Factories Act, 1934 (XXV of 1934), is published as required by section 79 of the Act for the information of all persons likely to be affected thereby, and notice is hereby given that the draft will be taken into consideration on or after the 15th July 1936. Any

objection or suggestion which may be received by the undersigned in respect of the draft rule before that date will be considered by the Governor in Council:—

DRAFT RULE.

After rule 43 of the Bengal Factories Rules, 1935, insert the following rule, *viz.*—

“43A. In jute pressing factories all ramps of stairways used for the portage of jute bales or bundles shall conform to the following provisions, namely—

- (1) No such ramp or stairway, or any part thereof, shall be constructed of wood.
- (2) The acclivity shall not be greater than 1 in  $2\frac{3}{4}$ .
- (3) The design and construction shall be subject to the approval of the Chief Inspector.”

This rule shall come into force with effect from the 1st June 1938.

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Letter No. 679, dated 2nd June 1936.

From the Chamber to the Government of Bengal,  
Commerce Department.

*Bengal Factories Rules, 1935.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to acknowledge receipt of your letter No. 3780-Com., dated 26th May 1936, in regard to the Notification No. 2083-Com., dated 23rd March, 1936 issued by the Government of Bengal proposing to add draft rule No. 43-A to the Bengal Factories Rules, 1935, for prevention of accidents in the Jute Pressing Factories. The Committee of the Chamber have carefully considered your letter and agree that in the construction of ramps or stairways due regard must be had to the safety of the employee. But on a perusal of the reasons given in your above letter, the Committee feel that there appears to be hardly any reason why ‘wooden’ stairways should be prohibited as is sought to be done



by clause (1) of the Draft Rule. The idea underlying the amendment as you have stated in your letter is to prevent the erection of unsound or faultily designed ramps but this does not necessarily require that the ramps or stairways should not be made of wood. The Committee are given to understand that in almost all the Press Houses all ramps or stairways are constructed of substantial wood and they have not proved to be dangerous in any way. They also understand that the stairways are always made of strong wood to avoid any risk for the carriers of jute. On the contrary, the Committee feel, that iron or cemented stairways will be risky and even dangerous to human life as they become slippery in the rainy season. The Committee are therefore of opinion that it would not be proper to replace wooden stairways by iron or cemented ones or to prohibit the use of wood in the construction of ramps or stairways and they would request that clause No. 1 of the proposed Draft Rule should be deleted.

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DRAFT AMENDMENT TO RULE 65 OF THE BENGAL  
 FACTORIES RULES, 1935.

*Notification No. 2470-Com., dated 1st April 1936, from the  
 Government of Bengal.*

The following draft of an amendment, which the Governor in Council proposes to make in the Bengal Factories Rules, 1935, in exercise of the power conferred by sub-section (2) of Sections 41 and 56 of the Factories Act, 1934 (XXV of 1934), is published as required by section 79 of the said Act, for the information of all persons likely to be affected thereby, and notice is hereby given that the draft will be taken into consideration on or after the 15th July 1936.

Any objection or suggestion which may be received by the undersigned in respect of the draft amendment before that date will be considered by the Governor in Council:—

DRAFT AMENDMENT.

In rule 65 of the said rules, the following shall be inserted as sub-rule (4A), namely:—

“(4A) All registers shall be maintained in English and all dates entered in a register shall be in accordance with the English calendar.”

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Letter No. 687, dated 4th June 1936.

From the Chamber to the Government of Bengal,  
Commerce Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to the Notification No. 2470-Com, dated 1st April 1936, issued by the Government of Bengal proposing the following Draft amendment in Rule 65 of the Bengal Factories Rules.

"All registers shall be maintained in English and all dates entered in a register shall be in accordance with the English Calendar."

The Committee of the Chamber have carefully considered the proposed Amendment and are of the opinion that the same is likely to put several factories owned by Indians to great inconvenience and additional expenditure. In many of these factories, clerks knowing vernacular languages only are employed for routine work and for keeping accounts and Registers, etc., but the proposed amendment, if passed, would now require such factories to employ persons knowing the English language, which would mean a considerable and unnecessary addition to the establishment charges. The Committee need hardly say that such an additional expenditure would be a great burden for most of the factories during these times of depression.

The Committee would therefore request that the present position in regard to the keeping of Registers should be allowed to continue and the proposed Draft amendment should not be proceeded with. The Committee trust that the Government of Bengal

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DIFFICULTIES OF CALCUTTA RICE MILL OWNERS AS A RESULT OF  
CERTAIN ORDERS UNDER THE BENGAL FACTORIES RULES.

Letter No. 962, dated 31st July 1936.

From the Chamber to the Government of Bengal,  
Commerce Department.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn to the difficulties experienced by the local Rice Mill Owners as a result of certain orders issued by the Inspector of Factories under the Bengal Factory Rules. The Committee understand that at present in the case of several rice mills, tin-roofed buildings supported on wooden posts are used as godowns and also to house machinery, but it appears that the Inspector of Factories has now served notices on the Rice Mill Owners to replace these by structures with brick walls and iron posts.

The Committee understand that the carrying out of this order of the Inspector of Factories involves a cost of approximately Rs. 5,000 to each rice mill owner. The Committee do not desire to say anything as regards the desirability or otherwise of making the suggested changes in the building and structures used in the Rice Mills, but your Government will realise that in these days of general depression, it would be very hard for the rice mills to be able to spend such a large sum at a time. The Committee would therefore request you to be good enough to see that at least six months' time is granted to the rice mill owners to carry out these orders of the Inspector.

The Committee hope that their request would receive a careful consideration and that early steps would be taken to save the Rice-Mill owners from an unnecessary hardship.

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LOSS OF WORKING HOURS TO FACTORIES AS A RESULT OF  
SECTION 2(d) AND SECTION 35(1) OF THE  
FACTORIES ACT.

Letter No. 1647, dated 10th October 1936.

From the Chamber to the Government of India, Commerce and  
Industries Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to invite your attention to the difficulties experienced by factories as a result of the provisions of section 2(d)

read along with section 35(1) of the Factories Act, 1934. Section 2(d) defines 'day' as "period of 24 hours beginning at midnight" and section 35(1) provides that no adult worker shall be allowed to work in a factory on a Sunday. These two provisions read together would mean that no adult worker can work in a factory from midnight of Saturday to the midnight of Sunday, leaving aside the exceptions for the time being.

Obviously the intention of Sec. 35(1) is only to give an interval of rest of 24 hours to the workers, but as will be seen from what is stated below, this section read with section 2(d) creates some difficulties in the case of factories working on night and multiple shifts. It will be seen that having regard to the above provisions a factory would have to stop work at 12 midnight on Saturday because 'Sunday' begins from that time and will not be allowed to complete the shift by working up to 5-30 A.M. on Sunday morning thereby resulting in a loss of  $5\frac{1}{2}$  working hours. It might be argued that factories would be free to start work again from midnight of Sunday and thus recover the lost time, but the Committee wish to point out that, as the Government will realise, it is very difficult and inconvenient to start work at midnight.

Thus it will be seen that in the case of factories working on night and multiple shifts, there is a loss of  $5\frac{1}{2}$  hours every week, or a total loss of 22 hours for every month and  $27\frac{1}{2}$  hours whenever 5 Sundays fall in a month, owing to the provisions above referred to. The Committee would therefore request the Government of India to investigate the possibilities of making suitable amendments in the Factories Act, 1934 providing for 'Sunday' or a holiday to be reckoned from the morning of one day to the morning of the next, in order to facilitate the working of factories and to avoid the inconvenience and loss suffered by them owing to the present provisions in the Factories Act, 1934. The Committee hope that the above suggestion will receive the sympathetic and careful consideration of the Government of India.

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*Copy of letter No. L.-3071, dated 26th November 1936, from Government of India, Department of Industries and Labour to the Chamber.*

*Definition of "day" and "week" in the Factories Act, 1934.*

With reference to your letter No. 01647, dated the 10th October 1936, I am directed to invite attention to Section 46 of the Factories Act, XXV of 1934, which was enacted to facilitate working of shifts and can be invoked to enable a night shift beginning work on Saturday night to finish its shift on Sunday morning. An amendment of the Act is therefore unnecessary.

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#### INDIAN MOTOR VEHICLES ACT AMENDMENT BILL.

Telegram dated the 29th August 1936.

From the Chamber to the Government of India, Department of Industries and Labour.

Committee Indian Chamber Calcutta understand from Press reports that Bill to amend Motor Vehicles Act will be forthwith referred to Select Committee with directions to report by eleventh September. Chamber strongly protest against this inordinate haste in regard to a matter of public importance without giving full opportunity to public and commercial bodies for expression of views. Chamber desire point out Transport Advisory Council on whose recommendations Bill is based is an Official Body while Commercial Bodies have objected to Railways attempting hamper and restrict motor competition. Chamber requests Government to circulate Bill inviting public opinion before proceeding with the measure in Delhi Session.

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#### ALLOCATION OF THE ROAD FUND TO PROVINCES.

Telegram dated 22nd September 1936.

From the Chamber to the Government of India  
Department of Industries and Labour.

Committee Indian Chamber refer to Resolution tabled in Council State by Mr. Clow relating Road Fund. Sub-Clause three of clause

three empowering resumption whole or part of allocation to any Province if latter fails to enforce certain regulations to control motor vehicles very objectionable as it unduly interferes with the power of the Provinces. Committee therefore strongly protest against this clause which forestalls Motor Vehicles Act Amendment Bill to which much objection has been raised and in any event converts the Bills permissive powers into mandatory.

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DRAFT AMENDMENT TO RULES 63 AND 77 OF THE AUDITOR'S  
CERTIFICATE RULES, 1932.

DEPARTMENT OF COMMERCE.

*Notification.*

REGISTRATION OF ACCOUNTANTS.

SIMLA, 4th July, 1936.

No. 12-A, (6)/35.—The following draft of a further amendment to the Auditor's Certificate Rules, 1932, which it is proposed to make in exercise of the powers conferred by sub-section (2) of section 144 of the Indian Companies Act, 1913 (VII of 1913) is published, as required by the said sub-section, for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 7th September, 1936.

Any objection or suggestion which may be received from any person with respect to the draft before the aforesaid date will be considered by the Governor-General in Council.

*Draft Amendment.*

For rules 63 and 77 of the said Rules, the following rules shall be substituted respectively, namely :—

"63. Members of the Board (other than members who are in the service of Government and are entitled to travelling and daily allowances under the ordinary rules) shall receive travelling allowance and daily fee for attending the meetings of the Board and of the Committee thereof at the following rates :—

*Travelling Allowance.*—One and a half of the first class fare by rail to and from the place of meeting and 1-3/5ths of the first

class fare by steamer for any portion of the journey performed by steamer.

*Daily fee.*—Fifty rupees per day for the days of attendance at a meeting, provided that in the case of a member resident at the place of the meeting, the rate shall be Rs. 30 per day”.

“77. Members of the Board (other than members who are in the service of Government and are entitled to travelling and daily allowances under the ordinary rules) shall receive travelling allowance and daily fee for attending the meetings of the Board at the following rates :—

*Travelling allowance.*—One and a half of the first class fare by rail to and from the place of meeting and 1-3/5th of the first class fare by steamer for any portion of the journey performed by the steamer.

*Daily fee.* :—Thirty rupees per day for the days of attendance at a meeting, provided that in the case of a member resident at the place of the meeting the rate shall be Rs. 20 per day.”

H. DOW,

*Addl. Secretary,  
to the Government of India.*

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Letter No. 1000, dated 7th August 1936.

From the Chamber to the Government of India,  
Commerce Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to the Notification No. 12-A(6)/35 dated 4th July 1936, re: Registration of Accountants, proposing Draft Amendment to Rules 63 and 77 of the Auditor's Certificates Rules, 1932. The Committee of the Chamber have carefully considered the changes proposed to be made in the rates of Travelling Allowance and Daily Fees of the Members of the Central and Local Accountancy Boards for attending meetings of their respective Boards. The Committee note that the Government of India desire to fix the fees allowed to the members of the Boards on the basis of

each day of attendance at the meetings instead of for each day of absence from the principal place of business of such member, as provided in the existing rules. Though these amendments would mean a considerable sacrifice on the part of the members of the Central and Local Boards, the Committee agree to these amendments being made in the larger interests of the profession.

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REVISION OF INDIAN ELECTRICITY RULES.

Letter Nos. 5516-28-Com., dated 6th August 1936.

From the Government of Bengal Commerce Department, Commerce,  
to the Chamber.

I am directed to forward for the information of your Chamber, a copy of a letter No. S.-601, dated the 1st August, 1936 and of its enclosures\* from the Government of India, Department of Industries and Labour on the subject of the revision of the Indian Electricity Rules, 1922, and to request that the opinion of the Chamber thereon may be furnished to this Government by the 20th September 1936.

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- Letter No. 1365 dated 16th September 1936.

From the Chamber to the Government of Bengal,  
Commerce Department.

*Indian Electricity Rules 1922: Amendment to :*

I am directed to refer to your letter No. 5516-28-Com., dated 6th August 1936, forwarding therewith a copy of the letter from the Government of India regarding the various Draft Amendments to the Indian Electricity Rules, 1922 and to state below the views of the Committee of the Chamber on the same.

*Rules 23—29 and 31 (Rules 25—31 and 35 of the Draft New Rules).*—The Committee are not agreeable to the proposal to make the above Rules, in regard to the conditions of supply of Licences being made applicable to non-licensees also. The Committee have not been able to appreciate the necessity of doing so. The Committee therefore suggest that no alterations be made in the existing Rules in this connection.



*Rule 40A' (Rule 48 of Draft New Rules).*—The Committee are of the opinion that the proposed amendment to Rule 40A' requiring licensees and non-licensees to furnish monthly a return of all new connections, extensions or alterations made, etc., would hardly serve any useful purpose, as pointed out by the Government of India themselves. Under the existing Rules all alterations to any installations are to be reported to the Chief Electrical Inspector and they are not put into use, until they are examined and passed by the Chief Inspector. The proposed amendment would therefore be superfluous.

In this connection the Committee desire to suggest the addition of the following to Rule 40A Sub-Rule (1) after the words "under the direct supervision of a person holding a certificate of competency etc."

"or by licensees or owners electrical staff under the direct supervision of a person holding a certificate of competency issued by the Local Government."

Under the existing rule no alteration to an installation other than replacement of lamps, fans, fuses, etc., can be undertaken except by a duly licensed contractor. This creates hardship to consumers on several occasions. If the above suggestion is adopted the Committee feel that consumers will be greatly facilitated and it would not even result in any danger to the public whatsoever.

*Proposed New Rule 40B.*—The Committee understand that the above Rule aims at prevention of accidents when men are working on aerial lines. But precautions suggested for the same are likely to cause inconvenience to the public; for example, to switch off a current in an aerial line as suggested in Sub-Rule (a) would impose a good deal of hardship on the public as the supply is not on gird iron principle but mostly on dead end principle.

*Sub-Rule 2(d)* requires that work is to be done in day-light. The Committee are of the opinion that this provision would cause handicap to the public and should therefore be deleted.

*Sub-Rule 3(b)* requires that the work is continuously to be supervised by an authorised person having not less than seven years' practical electrical experience. The Committee feel that this provision is too rigid especially for mofussil towns where it would be

very difficult to get a man with seven years' experience in electricity and it would also be very costly to secure the services of such a person.

The Committee are, therefore, of the opinion that the proposed New Rule 40 B should be deleted.

*Proposed New Rule 45A.*—The Committee are of the opinion that this amendment is not at all necessary as it would give rise to several difficulties, as stated by the Government of India in their observations on the proposed Rule.

*Proposed New Rule 46(2).*—The Committee feel that the proposed New Rule would not at all improve matters. If, as is required under Rule 46A, the present method of earthing is tested every twelve months, the Committee consider that the proposed New Rule 46(2) would not be necessary.

*Proposed New Rule 46-A.*—The Committee suggest that the amendment as recast by the Government of India should be adopted.

*Proposed Amendment of Rule 56(1) of the Draft New Rules and insertion of New Rule 56A.*—The Committee do not take exception to the proposed amendment and insertion. In order to avoid the difficulty apprehended by the Government of India in cases where more than one meter is fixed in one building and in its subsidiary buildings, the Committee would suggest that supply lines be connected with each meter in the main building, in case where there are a number of meters.

*Proposed New Rule 50A.*—The Committee consider that the proposal for making provisions for all kinds of tools and appliances would be unduly wide and vague in terms. The Committee therefore suggest that the tools and appliances should be specified in details in particular cases judging the same on merits.

*Proposed New Rule 51A.*—The Committee think that the proposed amendment is unduly strict, as it requires the calling of an Electrical Inspector before one premises can be connected to the supply regardless of the pressure. In order to simplify the matter, the Committee would suggest that the provision for inspection by an Inspector be made only when the supply in general in a town or in any particular area is to be made for the first time. In other cases, i.e., cases of connections in any premises it would be sufficient

if the Inspector is informed of the connection by the licensee and/or non-licensee certifying that the house connection has been tested by *his* authorised person.

*Amendment to Rule 53.*—The Committee are agreeable to the suggestion of the Government of India in this connection that the existing rules should be retained for old switch boards and that the application of the whole of the regulation be restricted to new switch boards. The Committee also feel that the insertion of the word “horizontal” before “width” is unnecessary as suggested by the Government of India.

*Proposed New Rule 53A.*—The Committee consider that the above new Rule is too severe and unnecessary and suggest that the same be deleted.

*Amendment to Rule 58.*—The Committee are of the opinion that the proposed test of 1,400 lbs. for a conductor in cases of high pressure, is very high. There is no reason why higher tensile strength be prescribed for higher pressures. The Committee suggest that the existing test of 700 lbs. for all cases is quite sufficient and the amendment is not necessary.

*Proposed New Rule 61A.*—The Committee do not see any utility in adopting this new Rule and suggest that the same be deleted.

*Amendment to Rule 104.*—The Committee are agreeable to the proposed amendment which takes away from the Local Governments their powers of disallowance or revision of an Inspector’s relaxations. The Committee consider that the Inspectors are more experienced now and hence it is hardly necessary to keep any control of Local Governments over their discretion in this connection.

The Committee trust that both the Governments of Bengal and India would give their careful consideration to the above views.

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DRAFT HAZARDOUS OCCUPATION RULES UNDER THE INDIAN  
 FACTORIES ACT.

*Copy of letter No. 9120-9206/Com., dated 25th November 1936,  
 from the Government of Bengal, Commerce Department  
 to the Chamber.*

I am directed to forward for information and for an expression of opinion the marginally noted notifications by the Government of

* Notification No. L3050 (1) d. 20-10-36	India, Department of Industries
„ L3050 (2) „	and Labour, publishing the
„ L3050 (3) „	draft of certain rules which the
„ L3050 (4) „	Government of India propose to
„ L3050 (5) „	make under sub-section (4) of
„ L3050 (6) „	section 33 of the Factories Act,

1934 (XXV of 1934) and to request that any expression of opinion that your Chamber may desire to offer on these draft rules may be submitted so as to reach this Government by the 15th January 1937 at the latest.

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Letter No. 111, dated 16th January 1937.

From the Chamber to the Government of Bengal,  
 Commerce Department.

I am directed to refer to your letter No. 9120-9206/Com., dated the 25th November, 1936 re: Government of India, Department of Industries and Labour, Notifications No. L-3050 (1) (2) (3) (4) (5) (6), dated the 29th October, 1936\* publishing the draft Hazardous Occupations (Miscellaneous) (Aerated Waters) (Rubber (Chromium) (Cellulose) (Spraying) and (Sand Blasting) Rules, 1937 and to state that the Committee have no views to offer in the matter except with regard to Notification L-3050 (2), i.e., Hazardous Occupation (Aerated Waters) Rules. The suggestions that the Committee would like to make in this connection are as under:—

*Hazardous Occupations (Aerated Waters) Rules.—Rule 4.—*Face guards and gauntlets—In Clause (1) the words “persons engaged” should be changed to “persons actually engaged”. Such

a change would exclude persons who are assisting the filler. As the intention of the proposed clause is to protect the filler who is liable to injury, other persons assisting him should be excluded.

In clause (1) (a), the words "also aprons for the body and" should be added after the words "throats, and". The chest is liable to injury as much as the face and hands.

In clause (1) (b), the word "arms" should be changed to "fore arms". The use of gauntlets over the entire arm would be an impediment and would be likely to increase chances of injury as a result of slow and restricted movement.

The Proviso (i) to clause (1) should, in the opinion of the Committee, be dropped as there is at present, no available machine "so constructed that no fragment of a bursting bottle can escape". The word "automatic" as prefixed to the filling machine, mean, as the Committee understand, self-moving and operating independent of any direct stimulus from without. It does not convey any idea of preventing the dangers of a bursting bottle, fragments of which can go very far. Moreover as all filling machines of commercial size used to-day, which are called automatic, as a matter of fact, combine more than one process of filling e.g., syruping and crowning and other operations incidental thereto the danger to the operators does exist. Only in the case of domestic machines the chances of injury are few.

I hope the above suggestions will be acceptable to the Government.

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#### THE BENGAL MATERNITY BENEFIT BILL, 1936.

*Copy of letter No. 217-26-T/Com., dated 24th September 1936, from the Government of Bengal, Commerce Department to the Chamber.*

#### *Maternity Benefits.*

I am directed to refer to this Department Circular letter No. 11000-11010-Com., dated the 23rd November 1935, on the subject of legislation to make compulsory maternity benefits for

women employed in perennial factories in Bengal, and to say that the replies received indicate that there is a general consensus of opinion amongst employers in favour of the proposal. The Government of Bengal have accordingly decided to proceed with the legislation, and I am to forward herewith a copy of the Bengal Maternity Benefit Bill, 1936, which has been drawn up on the lines of the Bombay and Central Provinces Maternity Benefits Acts, and to request that the Government of Bengal may be favoured with the views of your Chamber on its provisions.

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Letter No. 01810, dated 18th November 1936.

From the Chamber to the Government of Bengal,  
Commerce Department.

I am directed to refer to your letter dated the 24th September 1936, inviting the views of the Chamber on the Bengal Maternity Benefit Bill, 1936 and in reply to the same to invite your attention to my letter dated the 21st December, 1935 (copy enclosed) which contains certain suggestions made by the Committee of this Chamber with regard to the question of Maternity Benefit.

The Committee suggested therein that individual firms who may have instituted schemes of Maternity Benefit for their factories of as liberal a character as envisaged in the Bill should be exempted from the provisions of any Act to be made in this behalf. They had also suggested that the amount of Maternity Benefit should only be paid on the payee resuming work in the factories on the expiry of the period of leave. The Committee had further suggested that the maximum period of benefit should be limited to four weeks only with full allowance and a provision may be made for further leave, to be granted without any allowance, for another maximum period of 12 weeks. The Committee, however, regret to find that whereas the first two suggestions do not at all find a place in the Bill, now circulated by your Government, the third suggestion with regard to the maximum period of benefit is also not accepted, the period being fixed at 8 weeks. The Committee need hardly reiterate here the reasons which led them to make the above suggestions which were made with due regard to the interests of both the Employers and the Employees.

As already communicated to you, the Committee are in perfect agreement with the intentions of the Bill, *viz.*, to provide Maternity Benefit to women workers in factories. The above suggestions are, however, made with the view to safeguard the very reasonable interests of the Employers and are in no way calculated to affect the interests of the workers in any manner. The Committee therefore trust that the Government would be pleased to give their careful consideration to the suggestions and include the same in the bill.

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**MARINE.**

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TWENTY-FIRST (MARITIME) SESSION OF THE INTERNATIONAL  
LABOUR CONFERENCE, 1936.

Letter No. 1141-44-Mne. dated 28th May 1936.

From the Government of Bengal, Marine Department,  
to the Chamber.

*Twenty-first (maritime) Session of the International Labour  
Conference, 1936.*

I am directed to forward herewith for the information of the Chamber and for communication to organisations representative of employers concerned, a copy of a letter from the Government of India, Department of Industries and Labour, No. L-1537, dated the 18th May 1936 and its enclosure, being a Press Communique on the above subject.

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*Copy of a letter No. L.-1537, dated Simla the 18th May 1936, from  
the Deputy Secretary to the Government of India, Department  
of Industries and Labour to the Government of Bengal, Com-  
merce Department.*

*Twenty-first (maritime) Session of the International Labour  
Conference, 1936.*

I am directed to forward a copy of the Government of India Press Communique dated the 15th April 1936, relating to the twenty-first (maritime) session of the International Labour Conference. Spare copies of the Communique are enclosed for supply

to important organisations representative of employers and workers which may be interested in the subjects on the agenda for the Conference.

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*Press Communique.*

Dated Simla, the 15th May 1936.

A special maritime session of the International Labour Conference beginning from the 6th October 1936, will be held at Geneva, when the following subjects will be on the agenda :—

- I. Manning, in conjunction with hours of work on board ship.
- II. Holidays with pay for seamen.
- III. Protection of seamen against sickness.
- IV. Promotion of seamen's welfare in ports.
- V. Minimum requirement of professional capacity in the case of captains, navigating and engineer officers in charge of watches on board merchant ships.

The first subject, except the question of manning, and the last three subjects were discussed at the Thirteenth session held in October, 1929. The questions of manning in conjunction with hours of work, and holiday with pay, were considered at a preparatory tripartite meeting of the representatives from the principal maritime States, which was held at Geneva in November-December, 1935. All the subjects will be for final consideration. It is further understood that a second session may follow on the 22nd October if the Governing Body of the International Labour Office decides to submit to the Conference the question of the revision of the Draft Convention fixing the minimum age for admission of children to employment at Sea.

2. The delegates representing each Member State at the Conference include two Government Delegates, one Employers' Delegate and one Workers' Delegate. Advisers can be appointed for each group according to necessity and circumstances. The duty of nominating the personnel of the entire Indian Delegation rests with



Government of India who, under the terms of the Treaty of Versailles, have undertaken "to nominate non-Government Delegates and Advisers chosen in agreement with the industrial organisations if such organisations exist, which are most representative of employers or workpeople as the case may be". An association will be regarded as representative of employers only if it includes among its functions that of dealing with the interests of employers as such (*e.g.*, regulating conditions of employment). The mere fact that the membership of an organisation maintained for other purposes (*e.g.*, the protection and regulation of the commercial interests of its members) includes a number of industrial employers is not in itself sufficient to give that organisation a claim to consideration in the present connection.

3. All suggestions relating to the nomination of non-Government Delegates and their Advisers should reach the Secretary to the Government of India in the Department of Industries and Labour as early as possible and, in any case, not later than the *31st July 1936*.

4. Allowances (on a scale which can be ascertained by application to the Department of Industries and Labour) will be granted by Government to defray the expenses of the Delegates and any Advisers finally nominated.

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Letter No. 00755, dated 19th June 1936.

From the Chamber to the Government of Bengal,  
Marine Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to refer to your letter No. 1141-44-Mne., dated 28th May 1936, forwarding therewith a copy of letter dated 18th May 1936 from the Government of India along with the Press Communique of 15th April 1936, inviting suggestions relating to the nomination of non-Government Delegates and their advisers to the Twenty-first (Maritime) Session of the International Labour Conference, 1936. The Committee of the Chamber desire to suggest the following names in connection with the Employer's Delegation.

- |   |  |
|---|--|
| 1. Mr. M. A. Master,                                  | 2. Mr. D. S. Erulkar.                            |
| C/o The Scindia Steam Navigation Co. Ltd.             | C/o Scindia Steamships (London) Ltd.             |
| Sudama House, Ballard Estate, Fort, Bombay,—Delegate. | 44/46 Leadenhall street London. E. C. 3—Adviser. |

The name of the Second Adviser will be forwarded to you later on.

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Letter No. 01094, dated 15th August 1936.

From the Chamber to the Government of Bengal, Marine Department.

*Twenty-first (Maritime) Session of the International Labour Conference, 1936.*

I beg to refer to my letter No. 755 dated 19th June 1936 in connection with the above and to say that the Committee of the Chamber desire to suggest the name of Rao Bahadur C. Gopal Menon, Madras, as the Second Adviser to the Indian Emyloyers' Delegation at the Twenty-first (Maritime) Session of the International Labour Conference to be held at Geneva in October 1936.

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FACILITIES FOR DISEMBARKING PASSENGERS AT THE  
OUTRAM GHAT.

Letter No. 634, dated 20th May 1936.

From the Chamber to Messrs. Mackinnon Mackenzie & Co., Agents:  
The British India Steam Navigation Co., Ltd., Calcutta.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta has been drawn to the fact that sometimes the Inward Mail Steamers from Rangoon and/or the Straits do not disembark passengers at the Outram Ghat which has been specially constructed for the purpose and which is most convenient as a landing station, but go to the Kidderpore Docks for the purpose. The Committee have to point out that this causes considerable loss of time to the passengers and involves hardships especially to Deck

Passengers since the Steamers occasionally disembark passengers after dark and even at 9 or 10 P.M. As you are aware, the facilities of conveyance, etc., are not easily available at Kidderpore Docks as compared with the Outram Ghat and the Committee consider that in the interests of passengers, it is advisable to land them always at the Outram Ghat. The Committee will be glad if you will kindly consider this matter and see your way to meet the convenience of a large number of passengers travelling by your line. The Committee will appreciate if you will kindly let them know what action you propose to take in this respect.

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*Copy of letter No. Ran/864, dated 21st May 1936, from British India Steam Navigation Co., Ltd., to the Chamber.*

We have to acknowledge receipt of your letter No. 06634 of 20th instant informing us that the attention of the Committee of the Indian Chamber of Commerce, Calcutta has been drawn to the fact that sometimes Inward Mail Steamers from Rangoon and/or the Straits do not disembark passengers at Outram Ghat.

In reply we would advise that for many years the Mail steamers have discharged their passengers at Outram Ghat whenever this is possible, but occasions arise when, owing to tidal conditions it is necessary that the vessels should proceed on arrival direct to their discharging berth at Kidderpore Docks.

The convenience of passengers is always carefully studied by us and arrangements for disembarking in Kidderpore Docks are made only when no other arrangement is possible.

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Letter No. Mn.-36/715, dated 9th June 1936.

From the Chamber to the British India Steam Navigation  
Co., Ltd., Calcutta.

I am desired by the Committee of the Indian Chamber of Commerce, Calcutta, to acknowledge receipt of your letter No. Ran/864 of the 21st May in regard to the disembarkation of passengers at the Kidderpore Docks and have to thank you for the same.

While the Committee appreciate your assurance that the convenience of passengers is always carefully studied by you, they are not able to understand in what manner "tidal conditions" necessitate the vessels to proceed to the Kiddepore Docks instead of the Outram Ghat. Although the Committee are aware that tidal conditions in the Hooghly do at times delay a steamer through no fault of the owners or agents, they cannot understand how tidal conditions would require that a steamer should proceed to the Kidderpore Docks since the same tidal conditions obtain above Garden Reach, where both the Kidderpore Docks and the Outram Ghat are situated. The Committee would, therefore, appreciate if you will kindly let me know the precise manner in which tidal conditions affect the berthing of a steamer at the Outram Ghat and/or the Kidderpore Docks so that they might be able to understand the difficulties experienced by you in bringing the steamer to the Outram Ghat and the grounds on which you prefer Kidderpore Docks where, as already pointed out in our previous communication, passengers experience considerable hardship and inconvenience.

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*Copy of letter No. Ran/951, dated 12th June 1936, from the British India Steam Navigation Co., Ltd., to the Chamber.*

We thank you for your letter of the 9th instant regarding the disembarking of passengers in Kidderpore Docks and would advise that occasions arise when a deeply laden vessel arrives in port too late to allow of her, if berthed at Outram Ghat, being shifted to moorings before dark. The Port Authorities do not consider it safe to shift the vessel after dark, and a deeply laden ship cannot lie alongside the pontoon all night owing to the insufficient depth of water at low tide.

We realise that it is more convenient, not only to passengers but to all concerned, for the mail steamers to proceed to Outram Ghat on arrival, and would assure you that all aspects of the matter are taken into consideration in consultation with the Port Authorities before any alternative arrangements are made.

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## EMPLOYMENT OF "DUFFERIN" CADETS.

Letter No. 836, dated 8th July 1936.

From the Chamber to the Government of India,  
Commerce Department.

The Committee of the Indian Chamber of Commerce, Calcutta, have to draw your attention to the fact that the contracts for carriage of mails on the Indian coast are to expire on the 31st March 1937, and they have, therefore, to urge that when these mail contracts with the various shipping companies are renewed, it should be made obligatory on all shipping companies receiving subsidies from the Indian exchequer for the carriage of mails to employ Indian apprentices and officers trained in the I. M. M. T. S. "Dufferin", in the ships belonging to such companies. In this connection, the Committee would refer to their communication dated the 10th December 1935, wherein they have dealt at length with this question and they do not, therefore, desire to reiterate the arguments mentioned therein. They would, however, like to point out that during the last sessions of the Legislative Assembly and the Council of State held in February, 1936, Government have promised more than once to enquire carefully into the question of imposing an obligation to employ "Dufferin" cadets on companies receiving subsidies for carriage of mails from the Government. For instance, in reply to Mr. Asaf Ali's starred question No. 456 of the 14th February 1936, the Hon'ble Sir Zafrulla Khan, the Commerce Member, stated the "question" of attaching conditions as regards the training and employment of Indians as apprentices and officers in connection with subsidies given to the B. I. S. N., the P. & O. and other companies for the carriage of mails "will be considered when the contracts expire." Similarly, in reply to interpellation No. 5 of the Hon'ble Mr. P. N. Saprú in the Council of State on the 17th February 1936, the Hon'ble Mr. T. A. Stewart, the Commerce Secretary, stated that "the question of imposing an obligation of the nature referred to by the Hon'ble Member on the shipping companies under contract for the carriage of mails will be considered when the existing contracts expire." Again, during the debate on the Hon'ble Mr. P. N. Saprú's resolution regarding employment of "Dufferin" cadets, on the 26th February 1936, the Hon'ble Mr. T. A. Stewart while outlining some of the difficulties

in the way of attaching any such conditions to mail contracts as suggested in the resolution observed as follows:—

“I would remind the House and my Honourable friend Mr. Sapru that both here and in another place a promise has been given that before the mail contracts now held by the British India (Steam Navigation Co., Ltd.,) expire in March 1937, the fullest consideration will be given to the possibilities of providing further occupation for ex-“Dufferin” cadets through the bargaining power that we enjoy in granting a contract.”

These assurances by the Hon'ble the Commerce Member and the Hon'ble the Commerce Secretary clearly indicate that the Government of India are now under an obligation to examine fully the question of making the employment of “Dufferin” cadets a stipulation in the renewed mail contracts.

The Committee have to point out that certain statements were made in this connection by the Hon'ble the Commerce Member and certain difficulties were pointed out by the Hon'ble the Commerce Secretary which deserve consideration. Sir Zafrulla Khan stated in the reply referred to above that no coastal shipping company was receiving “annual subsidy” but that they were receiving under contracts only “payments for the carriage of mails.” The Committee are constrained to observe that this is a distinction without a difference. Even assuming for the sake of argument that the shipping companies are receiving payments for carriage of mails and not subsidies, that does not affect, in the Committee's opinion, the moral obligation of the shipping companies to provide employment to Indian cadets when they receive money from the Indian exchequer. The Committee would point out that in paragraph 23 of the Agreement between the British India Steam Navigation Co., Ltd., and the Secretary of State for India in Council made on the 26th of May 1924, the word “subsidy” occurs three times and it is, therefore inexplicable how the Hon'ble the Commerce Member and the Hon'ble the Commerce Secretary could deny that the payment made to the coastal shipping companies for carriage of mail is, in fact, and in name, a subsidy. It might be added that the annual reports of the Posts and Telegraphs Department of the Government of India also mention the word “subsidy”

to describe the payment for carriage of mail on the Indian coast and the adjacent waters. [This subsidy at present amounts to nearly Rs. 15 lakhs per annum. The B. I. S. N. Co. first received a mail subsidy for the carriage of mails between Calcutta and Rangoon in 1853 from the East India Company and has been receiving it from the Government of India since 1863, *i.e.*, for the last 73 years.

The Committee have further to state that the Hon'ble Mr. T. A. Stewart, the Commerce Secretary mentioned during the debate on Mr. Sapru's resolution referred to above that the imposition of an extra condition for ships carrying mails might lead to undesirable complications so far as efficiency of the mail services itself was concerned and he went on to observe that it is possible that if any such conditions were sought to be made compulsory, these shipping companies would even decline to carry mails. The Committee are surprised at such a statement since far more stringent conditions are imposed in several other countries in respect of carriage of mails. The Committee would only give one or two instances from within the British Empire. For example, one of the stipulations of subsidies given by the Canadian Government to its ocean and coastal services is that no discrimination should be made as regards rates, etc., against the merchants or shippers of the Dominion concerned who shall always have precedence for freight and goods over all other merchants and shippers. Similarly, by Section VI(2) of Act 10 of 1911, the Governor General of South Africa is prohibited from entering into any contract for the conveyance by sea of postal articles and from the Union beyond the limits of South Africa with any person who gives, offers or promises to any person any rebate, refund, discount, or reward upon such condition that such person shall ship or in consideration of such person having shipped goods by vessels of the particular lines to the exclusion of any others. The Committee need hardly add that these conditions are far more onerous than the simple stipulation about the training and employment of Indian apprentices and officers in Indian waters and if the Government properly utilise the bargaining power enjoyed by them in granting a contract, there would be no difficulty at all in regard to employment of such cadets. The Committee might incidentally refer to the fact that although the Government charter of the S. S.

"Maharaja" of the Asiatic Steam Navigation co., for service between Calcutta and Port Blair in the Andaman Isles, this Company also refuses to employ a single Indian "Dufferin" cadet in their ships.

The Committee have also to draw the attention of the Government to the fact that the mail contract between His Majesty's Postmaster-General and the P. & O. Steam Navigation Co., Ltd., expires in 1939 and that a year's notice has to be given of termination. The Committee trust that the Government of India will consider the feasibility of entering directly into a contract for the carriage of mails between India and the United Kingdom as well as the Continent of Europe, instead of permitting the British Government to enter into such a contract on behalf of India. In any event, the Committee trust that the Government will use all their influence with this Company for providing employment for "Dufferin" cadets. The Committee need not dwell at length on the patronage received by this Company from the Government of India and the Indian public. For example, the P. & O. during the last few years has been receiving a mail subsidy of about £30,000 per year from the Indian exchequer, which is paid through His Majesty's Government over and above £10,000 to £12,000 for the carriage of parcel mails. The P. & O. Company secured the mail contract for India in 1842, that is nearly 94 years ago. The Committee do not desire to dwell at length on the benefits received by the P. & O. in respect of carriage of Government stores and Lee passage concessions. They might, however, mention that in reply to question No. 1429 by Mr. S. C. Mitter on 28th November 1932, the Government stated that the total payment made for passages for officers, civil and military, provincial and central, for the quinquennium ending 31st March 1931, was Rs. 2,75,00,000. The Committee need hardly add that every pie of this comes from the pocket of the Indian taxpayer and the demand of the Indian commercial community and the Indian public for employment of Indian cadets in the marine service on ships receiving such a large patronage and assistance of the Government is a perfectly modest and reasonable one. This demand has particular force since in the overseas trade of India, Indian shipping does not participate at all while even in the coastal trade of India, the British shipping interests have a predominance so that while the Indian shipping companies do and will continue to provide all available employment



to Indian officers and engineers and wireless operators, the avenues open to Indian boys from Indian shipping companies and shore services are not enough to absorb the supply. The Committee have already dealt with this question in their previous communication and would add here that this demand has received the approval of several other Indian Chambers of Commerce as well as of the Federation of Indian Chambers of Commerce and Industry which adopted a resolution on the subject at its last session held in April, 1936. The strength of public opinion has also been evident in the several interpellations tabled on this subject both in the Legislative Assembly and in the Council of State during the last session as well as in the resolution adopted in the Council of State on the 26th February, 1936. The Committee trust that the Government of India will evolve some scheme whereby the cadets of the "Dufferin" would be employed by the various shipping companies in proportion to their tonnage in the coastal trade and that not a single deserving and trained cadet of the "Dufferin" would remain unemployed.

The Committee would be glad to know at an early date what action the Government of India propose to take in regard to this matter.

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EXCESS CHARGES REALIZED FROM THE PIONEER MATCH FACTORY BY  
THE CALCUTTA PORT COMMISSIONER FOR A CONSIGNMENT OF  
160 PIECES LOGS OF WOOD.

Letter No. 658 dated 29th May 1936.

From the Chamber to the Commissioners for the Port of Calcutta.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta has been drawn to a case of excess charges realized by the Calcutta Port Commissioners from the Pioneer Match Factory for a consignment of 160 pieces logs of wood ex : s. s. Hague Maru arrived at Calcutta on 30th April 1935. The Committee are given to understand by the Pioneer Match Factory that while previously in the case of their consignments, the measurements shown in the respective invoices have been accepted, an unnecessary exception was made in the present instance. The Pioneer Match Factory also deny that the consignment was measured in the presence of their representatives, and contend that it is

absolutely impossible to take actual measurement of such a big consignment at a glance. However, to appreciate the position thoroughly, the Committee would be glad to know the number of labourers employed and the time taken to measure this consignment as well as the expenses incurred for the purpose. If this information is not readily available, the Committee would thank you to let them have at least the particulars in regard to the measurement of the various pieces of logs which information the consignee, who pays the relative charges, is certainly entitled to have. The Pioneer Match Factory further point out that if the measurement of the logs were taken in the presence of their Sircar, they would like to see any documents or paper bearing his signature in respect of such measurements. The Committee have to point out in this connection that no reply has been vouchsafed to the letter dated 2nd September 1935, of Messrs. Sewdass Girdhardass addressed to the Assistant Accountant, Post Audit, Port Commissioners. The party have also forwarded a certificate from the Shipping Company concerned to show the correctness of the measurement.

The Committee consider that this is a case of hardship which requires to be looked into and they trust that you will be good enough to consider the matter favourably and let them know at an early date the steps you propose to take in regard to the same.

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*Copy of letter No. 40234 dated 24th June 1936, from the  
Commissioners for the Port of Calcutta to  
the Chamber.*

With reference to your letter No. 00658 dated the 19th May 1936, I beg to inform you that the facts of the case to which you refer are as follows :—

The cargo of logs arrived in Calcutta by the s.s. "Hague Maru" and was landed between 26th and 29th April 1935. It consisted of 160 logs. The delivery challans were presented by Mr. N. A. Mehta, Clearing Agent. No measurements were produced at the time nor was any information furnished on which the Port Commissioners charges could be assessed and it was accordingly necessary to have the cargo measured. This was done in the presence of the Clearing Agents' representative and the charges were

paid on the cubic capacity of the logs as was ascertained on this measurement. No protest was made at the time and it was not until about three months later, the 10th July 1935, that Messrs. Sewdass Girdhardass made any representation. On that date they forwarded an invoice which showed the measurement of the cargo as less than the measurements calculated by the Commissioners' staff. The cargo had by then of course passed out of the Commissioners' hands and no verification of the figures in the invoice could be made.

It is incorrect to state that no reply was sent to their letter dated the 2nd September 1935, because letter No. 274-I.R., dated the 24th September 1935 was written and it covered all the points mentioned in the letter of the 2nd September.

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#### SUPPLY OF WATER TO SHIPPING IN THE KIDDERPORE DOCKS.

Letter No. 884, dated 20th July 1936.

From the Chamber to the Chief Executive Engineer,  
Calcutta Corporation.

#### *Water Supply in Kidderpore Docks.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to draw your attention to the question of the provision of supply of fresh water to ships at the port of Calcutta. The Committee had written to you in this connection on the 5th August 1935 as per their letter No. Mn.-863, which letter has unfortunately remained unreplied. The Committee are given to understand that at present fresh water is supplied by the Corporation to the Ships in the dock area by means of two water boats of the capacity of 73 tons each, which is not sufficient considering the needs of fresh water for shipping in the port of Calcutta. As a result the steamers are sometimes greatly inconvenienced due to the delay in water supply. In fact, when one of these two water boats gets disabled, and is out of commission, the situation becomes worse.

The Committee would therefore request you to consider the question of providing at least *two more water boats* in addition to the existing ones in order to secure sufficient supply of fresh water

at all times to shipping in the port of Calcutta. The Committee would be glad if you will kindly let them know at an early date the steps that the Corporation proposes to take in the matter.

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Letter No. S. 4270, dated 3rd September 1936.

From the Corporation of Calcutta to the Chamber.

Please refer to your letter No. 885 dated the 20th July 1936, addressed to the Chief Executive Officer regarding water supply in the Kidderpore Docks. The number of days during the last three years during which one of the barges was idle, is given in the following table:—

1933-34	...	...	... 47 days.
1934-35	...	...	... 48 „
1935-36	...	...	... 84 „

As regards short supplies, the position is this:—

Year.	Quantity ordered	Quantity supplied	Short supply.
1933-34	4614 tons	2187 tons	2427 tons
1934-35	5634 „	2818 „	2826 „
1935-36	2490 „	1576 „	914 „

It will be seen that the shortage in supply has appreciably diminished of late. This is because the steamboat which used to supply the Garden Reach area, has no longer been doing so from 3rd September 1935. Garden Reach area has been separated from Calcutta.

It is expected that the position will improve when the current year's figures are known. Shortage of supply means correspondingly shortage of revenue to the Corporation. Therefore, you may be sure that the Corporation will not hesitate to take any steps if the situation demands it.

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Letter No. 1319, dated 12th September 1936.

From the Chamber to the Chief Executive Engineer,  
Calcutta Corporation.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to acknowledge the receipt of your letter No. 4270 dated 3rd September 1936, in regard to the supply of fresh water to ships in the Kidderpore Docks, and to thank you for the same.

The Committee have noted the figures given by you as regards short supplies of water. While they fully appreciate that the shortage in supply of water has diminished of late, they cannot help feeling that the position is not as satisfactory as it ought to be. As you yourselves have stated the large reduction in the figures of short supplies for 1935-36 has only been due to the steamboat previously supplying the Garden Reach Area being released from that section. Some further steps are therefore very necessary before the shortage of supply can be expected to disappear. You will very well realise that this shortage of fresh water causes a great deal of inconvenience to ships in port, especially when a ship has to sail.

The Committee would therefore request the Corporation to take further necessary action in the matter immediately in order to assure the ships coming to the Kidderpore Docks of an adequate supply of fresh water at all times.

An early reply is solicited.

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#### BASIS FOR THE COLLECTION OF PORT COMMISSIONERS CHARGES.

Letter No. 1393, dated 17th September 1936.

From the Chamber to the Commissioners for the Port of Calcutta.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn to the fact that shippers have to pay extra charges for their consignments as a result of the Port Commissioners collecting charges on the basis of the certificates of weightment issued by the Licensed Measurers Department. The Committee understand that the practice with this Department is

to disregard fractions of a pound (lb.) for their weight certificates and to take such fractions as full one pound. This basis obviously cannot be accurate for the purpose of assessment of Port Commissioners' charges. In order to show how it might be detrimental to the interests of shippers, the Committee would cite the following example :

Castor seeds are usually packed Md. 1-30 Srs. nett to a bag, which comes to a fraction less than 144 lbs. nett. The tare of each bag is  $2\frac{1}{4}$  lbs. nett and thus the gross weight of each bag comes to  $146\frac{1}{4}$  lbs. Calculating on this basis the gross weight of say, 780 bags comes to Tons 50-18-2-3 lbs., on which declared weight the Port Commissioners charge as usual for 51 tons. But as the Licensed Measurers Department take fractions of a lb. as a full lb., they would take the weight of each bag at 147 lbs. On this basis the gross weight of 780 bags will be tons 51-3-3-0, for which the Port Commissioners would collect their charges for Tons 52 and thus demand an undercharge for 1 ton on the declared weight. Thus as a result of calculating their charges on the basis of the certificates of the Licensed Measurers Department, the Port Commissioners are, as indicated above, collecting their charges for one ton more for every 50 tons in case of shipments of castor seeds or similar commodities, than what would be due to them if the actual declared weight of each bag would be taken into consideration. The Committee believe that this practice, if allowed to continue, is likely to restrict future business because of the great loss which the mercantile community of Calcutta engaged in the export trade, is suffering annually.

In order to remove this grievance, the Committee would suggest that instead of taking the certificates of the Licensed Measurers' Department as the basis, the Port Commissioners would do well to calculate their charges on the basis of the actual weightment of bags or at least on the correct weight taken up to  $1/8$  lbs. for each bag. The Committee understand that in the case of shipments of gunny bales the measurement is calculated up to  $1/8$  of an inch. The adoption of a similar method in case of consignments of bags would, the Committee think, not cause any inconvenience to the Port Commissioners, and would also be to the satisfaction of the mercantile community.

In this connection the Committee understand that in case of shipments of these commodities to the United Kingdom and the Continent, the Port Commissioners' charges are calculated on the declared weight of the shippers as no Licensed Measurers' Certificates are taken out in these cases. It might also be pointed out here that Steamer Companies calculate their freight charges on the basis of Declared Weight of consignments by shippers and not on the basis of the Licensed Measurers' Department weighments. In view of the above facts, there seems to be no reason why the Port Commissioners should not base their charges on declared weights.

The Committee would be glad if the Port Commissioners will kindly take the necessary steps in the direction suggested at an early date and let them know of their having done so.

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Copy of letter No. 62282 dated 25th September 1936.

From the Commissioners for the port of Calcutta to the Chamber.

I beg to refer to your letter No. 01393, dated the 17th September 1936, in which you allege that shippers are being seriously affected by the Commissioners basing their charges on certificates on weighment issued by the Licensed Measurers' Department.

I submit that the Licensed Measurers' Department's certificates are generally accepted as the basis of commercial transactions and therefore it is reasonable that the Commissioners should also accept these weights and measurements for the purpose of calculating their charges. You state that the Department treat portions of a pound as a pound, but I do not think this statement is correct. I understand that the weights certified by them are to the *nearest* pound, *i.e.*, fractions of less than half a pound are neglected. The extent to which the Commissioners recover charges on more than the exact weight is therefore less than you indicate. You have taken a hypothetical case in which the Commissioners would charge for 52 tons instead of 51 tons, but even if shippers were charged for an extra ton on every 50 tons shipped and all consignments were in lots of 50 tons each the extra payment on the total shipment of castor seeds would only amount to about Rs. 400 per annum. The

actual extra payments must be very much less than this figure and I submit that it is an exaggeration to state that the present practice is likely to restrict future business.

You suggest that the Commissioners should accept declared weights but I regret that it is impossible for them to do so. They have recently found many cases of incorrect declarations, and the differences between the true weights and the declared weights are sometimes so great that it is difficult to believe that the mis-declarations were unintentional.

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Letter No. 1640, dated 9th October 1936.

From the Chamber to the Commissioners for the Port of Calcutta.

I am directed to acknowledge the receipt of your letter No. 62282 dated the 25th September 1936, in reply to the Chamber's letter re: the loss to shippers due to the Port Commissioners collecting their charges on the basis of the Certificates of Weighment issued by the Licensed Measurers' Department. The Committee take this opportunity of making it clear that the case of the consignment of Castor Seeds mentioned in their letter dated the 17th September was only taken as an example to show how the method of assessment of charges on the basis of the Licensed Measurers' Department's certificates was detrimental to the interests of shippers. The Committee may point out that what applies to castor-seed applies equally to all other bag-cargo, *viz.*, Linseed, Rapeseed, Rice, etc., as will be evident from your Debit Bills, No. D.-234 of 21st July 1936 and No. D.-239 of 22nd July 1936 relating to 1560 bags Rape-cake shipped per S.S. 'Malacca-maru' and to 450 bags Rice per S.S. 'Barala', forwarded by Messrs. Gangjee Sajun & Co. and enclosed herewith for ready reference. Debit Bill No. 247 relating to the Cargo of 780 bags Castor-seed is also enclosed herewith. If the Port Commissioners would take into consideration the volume of yearly shipments of all these commodities, it will be easily realised that the annual loss to the shippers at the port of Calcutta due to the extra payment in this respect is considerable.

As regards the statement that the weights certified by the Licensed Measurers' Department are to the *nearest* pound, *i.e.*, fractions of less than half a pound are neglected, the Committee



understand that this is not the case. The instance of Castor-seed mentioned in the Committee's previous letter dated the 17th September 1936, which is not a hypothetical case, but one based on actual facts as will be evident from the Debit Bill enclosed, itself shows how the gross weight of each Castor-seed bag was taken as 147 lbs. by the Licensed Measurers Department, though actually, the weight was only  $146\frac{1}{4}$  lbs. for each bag.

It may be true that the Licensed Measurers' Department's certificates are generally accepted as the basis of commercial transactions, but the Committee do not see any reason why the shippers should continue to pay more than what is actually due from them. You have stated that it is not possible for the Port Commissioners to accept the declared weights as the basis of their charges as in many cases, you say, you have found the declaration to be incorrect. The Committee would, however, suggest that you may base your charges on the Customs pass weights, for as you are aware there is a heavy penalty for any misdeclaration for Customs purposes and hence no shipper would declare incorrect weights there. The Committee therefore hope that the Port Commissioners would have no objection in taking the Customs-pass weights as the basis for collecting their charges, a request which is quite reasonable and fair having regard to the interests of both the shippers and the Port Commissioners.

The Committee will be glad if you will kindly reconsider the matter and let them have your reply at an early date. Kindly return the three enclosed original Debit Bills, when done with.

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Letter No. 69977, dated 6th November 1936.

From the Commissioners for the Port of Calcutta to the Chamber.

I beg to refer to your No. 01640 dated the 9th October 1936, in which you suggest that the Commissioners should base their charges on the weights declared in the Customs pass.

I regret that the Commissioners cannot adopt this suggestion as, in effect, it would mean the reversion to the old practice of accepting the weights declared by the shippers. The reason why the Commissioners could not accept declared weights was detailed in

my letter No. 62282 dated the 25th September 1936, and it does not seem necessary to discuss it any further. The Customs do not weigh consignments and in any event they are not interested in non-dutiable cargo. The cases quoted by you refer to non-dutiable cargo.

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Letter No. 1829 dated 20th November 1936.

From the Chamber to the Commissioners for the Port of Calcutta.

I am directed to refer to your letter No. 69977, dated the 6th November, 1936 and to state that the Committee did not refer in their letter No. 01640 of 9th October, 1936 to non-dutiable cargo alone. The Committee would again like to emphasise, as they did in their letter referred to above, that the case of consignment of Castor Seeds mentioned in their letter dated the 17th September 1937, was only taken as an example and that what applied to Castor Seeds applied equally to all other bag cargo, particularly to Rice, which is a dutiable cargo. The Committee regret to note that you have overlooked the item mentioned in their letter of 9th October 1936 about Debit Bills No. D-239 of 22nd July 1936 relating to 450 bags of Rice per S.S. Barala forwarded by Messrs. Gangjee Sajun & Co., a copy of which was enclosed with the above letter.

The Committee would, therefore, again reiterate that their suggestion to you for taking the Customs pass weights as the basis of your charges relates to all cargo including dutiable cargo and particularly to rice and they trust that the Commissioners will have no objection in accepting the Committee's suggestion at least in the case of all dutiable cargo and particularly of rice exported.

An early reply is solicited.

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*Copy of letter No. 79152 dated 17th December 1936, from the  
Commissioners for the Port of Calcutta,  
to the Chamber.*

With reference to your letter No. 01829 dated the 20th November 1936, I beg to inform you that I can only repeat that the Commissioners are unable, for reasons already explained, to accept

any but the figures of the Licensed Measurers' Department. If you, on your part, have reason to believe that these measurements are in any way inaccurate I submit that your correct course would be to refer the particular or general cases to the Bengal Chamber of Commerce.

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WELFARE INSTITUTIONS FOR INDIAN SEAMEN AT CALCUTTA.

Letter No. S/3140, dated 24th October 1936.

From the Principal Officer, Mercantile Marine Department,  
Calcutta District, to the Chamber.

*Provision of Welfare Institutions for Indian Seamen at the  
Port of Calcutta.*

I have the honour to forward for the information of your Committee copies of correspondence on the above-mentioned subject.

2. As will be seen from the enclosures the correspondence originated in the submission to me of a draft scheme for welfare work prepared by Mr. Aftab Ali of the Indian Seamen's Union and which was later forwarded to the Government of India for consideration. A reply from the latter has now been received, and in accordance with para 5 of the letter, I have to request that you will favour me with the views of your Committee on the subject and any suggestions they may have to offer especially in connection with the points referred to in the subsequent paragraphs of this communication.

3. The Government of India, while in sympathy with the general principles of the draft scheme, express doubts regarding the practicability and the real utility of a separate institution for seamen at the present time. They feel sure that adequate facilities for the treatment of the diseases referred to must already be available in Calcutta for the benefit of the Indian population as a whole and that these benefits could be extended to Indian seamen if vouched for by proper authority.

4. Indian Seamen on the agreements of vessel in the port are provided for under the Port Hospital Dues Fund, therefore the problem presumably is to devise some means to ensure that medical

and surgical treatment is readily available when necessary to the large number of seamen who are always in Calcutta awaiting opportunity of employment. The main points for consideration would therefore appear to be as follows :—

- (a) The difficulty or otherwise of detecting venereal disease amongst seamen and of persuading sufferers to submit to orthodox treatment.
- (b) The adequacy of the existing institutions in Calcutta and the availability of such to Indian Seamen.
- (c) How to ensure suitable treatment for patients if the difficulties mentioned in (a) are not of a serious nature.
- (d) If the answer to (b) is in the negative, to consider what steps should be taken to provide separate institutions for seamen and the nature of such.
- (e) Possible sources of financial support towards the initial cost and recurring expenditure of any scheme which may be evolved.
- (f) To consider the practicability of Mr. Aftab Ali's suggestion that welfare schemes should be for the joint benefit of both sea-going and inland water workers.

5. It is possible that the rigorous medical examination of seamen before engagement on sea-going vessels insisted on by the Shipping Companies may have an important bearing on the subject referred to in (a) of the preceding paragraph. In respect of (b) I am informed that complaints are frequently heard in the Shipping Office and elsewhere that seamen have difficulty in obtaining admission to hospitals even when vouched for by the Shipping Office or the Port Health authorities. In connection with the financial question Mr. Aftab Ali suggested that part of the accumulated surplus (which would appear to have been approximately Rs. 2,56,000 on the 31st March, 1935) and a portion of the annual surplus of receipts over expenditure of the Port Hospital Dues Fund might be devoted to the purpose of welfare work of a medical nature amongst unemployed Indian Seamen. It is doubtful however, whether this could be done without amendment of the Act under which this fund is collected. It is also worthy of note that

the annual surplus receipts over expenditure in the Fund appears to be steadily diminishing and it fell from approximately Rs. 48,000 in the financial year of 1932—33 to a little over Rs. 4,000 in 1934-35. It will presumably be anticipated that the Government of India should contribute towards any approved scheme from the funds available from the Customs Sunday and Holiday Penalty Fees, but it is understood that there is no accumulated surplus from this source, therefore any grants made would only represent a proportion of future annual collections as naturally existing institutions for the benefit of seamen at other Ports in India have a claim on these Fees.

6. I trust your Committee will shortly be in a position to offer suggestions which will enable me in consultation with their representatives to draw up a suitable scheme for submission to the Government of India. I will be pleased to make appointments at mutually convenient times with your representatives to consider any future aspects of the question which may arise.

8. Will you please endeavour to let me have your reply by the 21st November 1936.

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### INDIAN SEAMEN'S UNION.

*Affiliated with the International Transport Workers' Federation  
(I. T. F.) Amsterdam, and the National Trades  
Union Federation.*

Dated Calcutta, 10th March 1936.

From the Vice-President, Indian Seamen's Union, Calcutta,  
to the Principal Mercantile Officer, Calcutta District.

I am herewith forwarding a draft scheme of Welfare work amongst the seamen of this port for your consideration, and shall be very much obliged if you kindly let me know your views on the same.

I would also like to discuss the scheme in details with you, and shall be thankful if you grant me an early interview with the same end in view.

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## CONFIDENTIAL.

*Draft Scheme of Welfare work amongst Sea-going and  
Inland Seamen.**(Prepared by Mr. Aftab Ali in consultation with the Indian  
Seamen's Union and the Bengal Mariners' Union).*

*Introductory Notes.*—The need of Welfare work amongst the Industrial Workers specially in large industries has been universally recognised but unfortunately in a country like India it is receiving very little or no attention at all. For instance about 25,000 to 30,000 seamen both Inland and ocean-going are at a time in the port of Calcutta waiting for employment but up till now no attempt in this direction has been made either by the Employers or the Government or the men themselves. It is difficult to say what portion of the blame each of these parties must share but the primary responsibility can be safely placed with the first two parties. At the same time in fairness to them I must admit that we seamen have neither made any direct approach uptill now nor have we taken initiative which could serve as an appeal to them. Only once I had taken up the matter informally with Mr. Raisman of the Government of India who assured me of the sympathy and financial support of the Government, provided a scheme acceptable to the Government could be formulated. I have also recently discussed the matter with certain Employer's Representatives unofficially and I must gratefully admit that I received no less encouragement from them and this in fact has given me renewed vigour to move further in the matter. I have also consulted both the Indian Seamen's Union and the Bengal Mariners' Union in drawing up the following scheme and they are in full agreement with me.

Welfare work in my view, must serve three main purposes namely:—(1) Service, (2) Recreation and (3) Industrial peace. I advocate the last named for the simple reason that the well-being of any person is necessarily interlinked with the peace in the Industry with which the person is connected and dependent upon. However, these are my personal view and I place them subject to the approval of all concerned. I should also invite suggestions to my scheme so that ultimately it may receive the support and approval of all concerned, I mean the Government, the ship-owners and the seamen.

*Scheme.*

Name—Calcutta Seamen's Port Welfare Committee.

Constitution:—It should be constituted with 7 members as follows:—

- (1) Principal Mercantile Officer for the District of Calcutta.
- (2) 3 Members to be nominated by the Calcutta Liners Conference or in the manner the different shipping companies may decide.
- (3) 3 Members to be nominated by the Seamen's Organisations.

The Principal Officer shall be the permanent Chairman of the Committee.

- (4) A whole-time paid secretary with sufficient knowledge and understanding of the work and influence amongst seamen.

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*Immediate Task—A Hospital.*—The Committee should immediately start a special Hospital for the seamen. The Hospital should be named "King George Memorial Seamen's Hospital". The Hospital should only arrange for the treatment of venereal diseases at the first instance.

*Note:*—It is a recognised fact that a large number of seamen contract venereal diseases and can never get proper treatment or any specialist's attention. This is contaminating and gradually spreading from father to son, and this state of affair if neglected any further would invariably affect the efficiency of the seamen as a class in the long run. The Committee should also issue an appeal to the Public in general and the Shipping Companies in particular for funds after making the necessary estimates for the proposed Hospital.

The Government of India are at present paying annually for the upkeep of the Sailor's Home in Bombay a sum of Rs. 12,000 and I expect that they will grant about Rs. 18,000 for the welfare work in this port.

The Government should also be requested to make over the entire collections which they realise as fines and forfeitures from the seamen of this port.

*Other sources of permanent income.*—The different Shipping Companies and public bodies such as the Commissioners for the Port of Calcutta, the Corporation of Calcutta, etc., should be approached by the Committee for annual grants.

The seamen themselves will contribute -/4/- per head and this should be collected by the Shipping office along with the signing fees and paid by the Employers on their behalf and made over to the Committee from time to time.

Funds permitting, the Committee should take up other sides of Welfare Work as Recreating Club, Sporting facilities, feeding and clothing the needy, burial of the dead, free tickets to home stations to those unemployed seamen who have no means of their own to go back, housing of the old and helpless seamen, etc.

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No. S/1455, dated 7th May 1936.

From the Principal Officer, Mercantile Marine Department,  
Calcutta District, to the Secretary to the Government of  
of India, Department of Commerce, Simla.

I have the honour to forward herewith a letter from Mr. Aftab Ali—Vice President of the Indian Seamen's Union, attaching a draft scheme for welfare work amongst the seamen of the Port of Calcutta and a criticism by the Shipping Master.

2. On Tuesday the 28th of April, I had a personal discussion with Mr. Aftab Ali in the presence of Captain Forsyth regarding his proposals. Mr. Aftab Ali put forward no objections to the criticisms of his scheme raised by the Shipping Master and reiterated that his desire was simply to get a suitable scheme of welfare started at this port. The means or plan on which it was started being a secondary consideration to him.

3. During the course of the discussion Captain Forsyth admitted that the prevalence of venereal diseases amongst seamen was very great and that Shipping Agents have in their own interest



engaged Doctors to examine crews at the time of signing on. Despite this, it appears, that many casualties occur amongst seamen after they have signed on and left the port and that they have frequently to be landed and repatriated to Calcutta. This, of course, is unsatisfactory and expensive to the Agents.

4. Captain Forsyth also stated that a considerable number of seamen suffering from curable disease other than venereal are unable to obtain employment because they simply have no funds where-with they can obtain the necessary medical advice and medicines to be cured.

5. I asked Mr. Aftab Ali if he had any concrete proposal as to how the capital cost of a hospital was to be met and he replied that there was a considerable balance in the Hospital Port Dues Fund which, if Government so please, might be utilised for this purpose.

6. I am satisfied that welfare work amongst Indian Seamen is long overdue at this port and accordingly suggest that the present Seamen's Welfare Association should be asked by Government to investigate and report on the whole subject including finance co-opting for this purpose representatives of Indian Seamen and such persons as it considers can be most helpful.

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No. 47-M.-II/36.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

Dated Simla, 29th September 1936.

From Offg. Joint Secretary to the Government of India, to the Principal Officer, Mercantile Marine Department, Calcutta.

*Provision of welfare institutions for Indian seamen  
at the Port of Calcutta.*

With reference to your letter No. S/1455, dated the 7th May 1936, on the above subject, I am directed to say that the Government of India have carefully considered the scheme prepared by Mr. Aftab Ali for the provision of welfare measures for Indian Seamen at the Port of Calcutta. This question has been before

them on several occasions in the past, but the great stumbling block in the way of all such schemes has been the question of finance.

2. It appears that the immediate object of Mr. Aftab Ali's scheme is to provide for Indian seamen's treatment for venereal and curable diseases in a *separate institution*. The Government of India are of opinion that the cost of such an institution will almost certainly prove prohibitive, and they very much doubt whether any means can be devised at the present moment to overcome this fundamental difficulty. Moreover, in cases of venereal diseases the great difficulty always is that of detection, and then to persuade the patient to submit to proper treatment, and the provision of a *separate* institution is not likely to help very much in this respect. They, therefore, think that the proposal to provide a separate hospital should not be pursued for the present, and that it should lie over until there exists some special fund (such as was raised in Bombay) to serve as a nucleus.

3. The Government of India are, however, in sympathy with the object underlying the scheme and are alive to the necessity of providing facilities for the proper treatment of sick and injured seamen. They feel, that in Calcutta there must be adequate facilities for the treatment of the diseases referred to which are available to the Indian population as a whole, though not specially for seamen, and that seamen themselves would be placed in a more favourable position for treatment, were they vouched by proper authority.

4. In the absence of a separate hospital the problem therefore is to see that Indian seamen suffering from the diseases referred to above are put in touch with the proper place for treatment and persuaded to go there; which means that the Shipping Companies the Indian Seamen's Union and the port Medical authorities should work together in the matter of detection, and then procure admission into the proper local hospital.

5. The Government of India would, therefore, like to consider the possibility of evolving a suitable scheme on the lines indicated in the last preceding paragraph, and would be glad if you would work out, in consultation with the institutions concerned, the details of such a scheme and submit the same for their consideration.

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No. S/1225, dated 20th April 1936.

From the Shipping Master, Calcutta, to the Principal Officer,  
Mercantile Marine Department, Calcutta District.

*Proposed Scheme for Welfare Work amongst Indian Seamen  
at the Port of Calcutta.*

With reference to the letter dated the 10th March 1936, and enclosure addressed to you by the Vice-President of the Indian Seamen's Union, I have the honour to inform you that I have carefully examined the draft scheme for a Welfare Committee as suggested therein, and offer the following remarks and suggestions for your consideration.

While I am in full agreement with the general principles of the scheme and consider the suggestion that the first objective should take the form of a special hospital for Indian Seamen is a worthy and desirable ideal, I am of the opinion that the draft scheme in its present form is not likely to commend itself to the Government of India.

In the first place, it would appear that the form of Committee suggested in the draft scheme is not sufficiently representative to deal with a proposal of the magnitude of that of the suggested hospital. Other interests besides those of Seamen's Unions and Shipping Companies should, I think, have a voice in the consideration and management of any such proposed scheme.

The suggestion that even in the first place the proposed hospital should be reserved for venereal cases only would appear to restrict the scope and utility of such a scheme to an undue extent, as many unemployed seamen in Calcutta are unable to obtain employment merely because they are suffering from *curable* diseases other than venereal.

It must also be taken into consideration that a proposal to inaugurate a hospital, even if it is started in a comparatively small way, is an undertaking of very considerable magnitude and must entail a very heavy capital outlay and high running expenditure if it is to be of any real use.

Under these circumstances, I think it may be assumed that the Government of India would require very substantial guarantees

of large contributions both towards the capital cost and the necessary annual income for maintenance before granting its full approval and active support to any such scheme.

The suggestion that seamen should make compulsory contributions, to be collected through the Shipping Office, to the funds of the proposed or any other Welfare Committee is quite impracticable under existing laws, and would, in my opinion, be objectionable under any circumstances.

The proposal that all fines and forfeitures realized by Government at this port should be made over to the funds of a Welfare Committee is one which can only be disposed of by the Government of India itself after due consideration of all relevant factors.

The statement that the Government of India makes an annual contribution of Rs. 12,000 to the Indian Sailors Home Society, Bombay, is inaccurate. The actual contributions for some years past have been at the rate of Rs. 8,200 per annum.

There is little doubt that some active form of Welfare Work amongst Indian Seamen at a port of the size and importance of Calcutta is long overdue and I am of the opinion that any suitable scheme in this respect if adequately sponsored would be welcomed by and receive the practical support of the Government of India.

Bombay already has "The Indian Sailor's Home Society" which originated from a desire on the part of the citizens of Bombay and others to raise a worthy memorial to the Indian Seamen who lost their lives during the Great War of 1914-1918.

This Society has the full support of the Government of India which, as stated above, makes a large annual contribution towards its funds and both the Government of India and Government of Bombay made large grants towards the capital cost of the scheme.

As the Seamen's Welfare Association is already in existence, and, though its principal activities at present are devoted to the welfare of European Seamen, as its constitution, as defined in its Memorandum and Articles of Association, is designed to provide for the welfare work *amongst all* classes of seamen, it is probable that the Government of India may prefer that any scheme for such

work amongst Indian seamen should first be investigated by the Committee of Management of this Society.

I have therefore to suggest that if approved by the Government of India, the Committee of Management of the Seamen's Welfare Association may be asked to explore the possibility of inaugurating some practical form of Welfare Work amongst Indian Seamen at this port, bearing in mind the suggestion that an early object of such work might take the form of a hospital for unemployed Indian Seamen or of ensuring in some other manner that these seamen may be enabled to obtain suitable medical or surgical treatment when necessary.

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Letter dated 21st November 1936.

From the Chamber to the Principal Officer, Mercantile Marine  
Department, Calcutta District.

*Provision of Welfare Institutions for Indian Seamen at the  
port of Calcutta.*

I have to acknowledge your letter No. S/3140 of the 24th October, on the above subject and state below the views of the Committee of the Chamber in that connection.

The Committee agree with the opinion expressed by the Shipping Master in his letter to the Principal Officer, as well as with the opinion of the Principal Officer in his letter addressed to the Government of India, that welfare work amongst Indian seamen at a port of the size and importance of Calcutta is long overdue, and regret that, despite the fact that the constitution of the Seamen's Welfare Association as defined in its Memorandum and Articles of Association, provide for welfare work *amongst* all classes of seamen, practically no action has been taken hitherto by that Association for welfare of Indian seamen and the activities of the Association have been confined exclusively to work designed to benefit European seamen. The Committee have to point out that more than once in the past this Chamber requested for representation of Indian Shipping and Commercial interests on the Committee of this Association, but the demand was not conceded. The Committee fail to understand why it is suggested by the Shipping Master that this Association, which does not represent either Indian

shipping interests or Indian seamen and which has carried on work only for the benefit of European seamen, should be asked to investigate a scheme for welfare work amongst Indian seamen. The Committee are strongly of opinion that, if necessary, an *ad hoc* Committee consisting of representatives of shipping interests, including Indian shipping interests, as well as of seamen's organisations should be appointed to consider this whole subject and that in this Committee the Principal Officer, the Shipping Master as well as a representative of the Seamen's Welfare Association might be included. This Committee should consider the whole question of welfare work among Indian seamen including the various schemes suggested hitherto for the purpose.

The Committee of the Chamber have also considered the scheme suggested by Mr. Aftab Ali as well as the views of the Government of India, the Principal Officer and the Shipping Master in that connection. The Committee suggest that if the Government of India are of opinion that the cost of a separate institution for Indian seamen for medical treatment for venereal and curable diseases would be prohibitive, a special ward might be attached to one of the existing hospitals for the exclusive use of Indian seamen and should be under the general supervision of the Port Health authorities. The Committee agree with the view of the Shipping Master that it is not only venereal diseases which keep many seamen unemployed in Calcutta, but also other curable diseases which could and ought to be attended to in the interests of both seamen as well as shipowners. It is with a view to meet this difficulty that the Committee recommend the establishment of a ward or wards to be attached to hospitals and to be exclusively maintained for the use of seamen instead of a separate hospital. The Committee are in favour of Mr. Aftab Ali's suggestion of collecting about 4 annas per head from seamen at the time of signing them on and do not see any insuperable difficulty in the way of such contributions being collected by the shipping office. If, as stated by the Shipping Master in his letter to the Principal Officer, this procedure is not practicable under the existing law, the law could be easily amended; and the Committee do not see how the proposal is "objectionable under any circumstances" as contended by the Shipping Master. The proposal, at any rate, is worth careful and favourable consideration.

As regards the inclusion of inland water workers, while the Committee have no objection to their being included, they have to point out that inland seamen are not on the articles and consequently, some different procedure like the introduction of treatment cards would be necessary, if they are to be included, provided they pay the requisite subscription fixed for the purpose.

The Committee have to point out that adequate hospital facilities for seamen and particularly Indian seamen are not available in Calcutta and special facilities must be provided for Indian seamen, especially as a separate Port Hospital Dues Fund is maintained out of the dues collected from shipping companies, many of which employ Indian seamen. The demand that the proceeds of the Port Hospital Dues Fund as well as the Customs Sunday and Holiday Penalty Fees Fund should also be spent for the benefit of Indian seamen is a perfectly legitimate one. The Committee would like to emphasise the need of some suitable scheme being evolved without delay for the benefit of Indian seamen, since, as pointed out above, no such work is done at Calcutta, while the Port of Bombay already has the Indian Sailors' Home which receives annual contributions from the Government of India. The Committee further suggest that the Calcutta Port Commissioners should also be invited to co-operate with such a scheme.

The Committee would like to know how far the Shipping Master has proceeded with the formulation of the scheme, as desired by the Government, and would be glad to co-operate with you in considering the various aspects of the question as they arise in future. If any further discussion on the subject is considered necessary, I shall be obliged if you will kindly let me know, so that appointments could be made for considering the question at a meeting of the Chamber's representative with yourself.

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#### INDIAN MERCHANT SHIPPING ACT, 1923.

Letter No. 01909, dated 9th December 1936.

From the Chamber to the Principal Officer, Mercantile Marine  
Department, Calcutta District.

I have to acknowledge the receipt of your Endorsement No. 11440/54 dated the 28th November 1936, forwarding a Notification No. 53-M.I/36 dated the 14th November 1936, from

the Government of India, Commerce Department, re: cancellation of the Signals of Distress (Native Passenger Ship) Rules 1929, and to say that the Committee have no views to offer on the same.

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Letter No. 1924, dated 10th December 1936.

From the Chamber to the Principal Officer, Mercantile Marine  
Department, Calcutta District.

*Notification No. 53-M.I/36 dated the 14th November 1936.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to acknowledge your above notification and have to state that the Committee have no objection to the proposed amendments to the Indian Merchant Shipping (Life Saving Appliances) Rules, 1934, but trust that adequate time would be permitted to make the necessary replacements and adjustments in the case of existing steamers.

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Letter No. 01962, dated 21st December 1936.

From the Chamber to the Principal Officer, Mercantile Marine  
Department, Calcutta District.

I am directed to acknowledge the receipt of your memo dated the 3rd December 1936, forwarding the Government of India Notification No. 42 M.I.-(17)/35 dated the 21st November 1936, proposing to cancel the Load Line Rules, 1900 and to state that the Committee have no objection to the proposed change but they trust that adequate time would be permitted to make the necessary replacements and adjustments, if any, in the case of existing steamers.

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## INDUSTRIES AND LABOUR.

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PROPOSED ADDITION TO SCHEDULE II TO THE WORKMEN'S COMPENSATION ACT, 1923 OF PERSONS EMPLOYED IN THE HANDLING OF HEAVY GOODS.

*Copy of letter No. 767-74-Com., dated the 3rd February 1936, from the Government of Bengal, Commerce Department, to the Chamber.*

I am directed to forward for the information of your Chamber and for an expression of opinion, a copy of a letter from the Government of India, Department of Industries and Labour, No. L.-3002 dated the 10th January 1936, and enclosures\* on the subject of the extension of the benefits of the Workmen's Compensation Act, 1923 to persons employed in the handling of heavy goods in warehouses, markets and other places. I am to request that the reply to this letter may be submitted so as to reach this department by the 31st March 1936.

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Letter No. 315, dated 3rd March 1936.

From the Chamber to the Government of Bengal,  
Commerce Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to refer to your letter No. 767-74-Com., dated 3rd February 1936, along with enclosures from the Government of India and the Government of Bombay in regard to the proposed addition to Schedule II to the Workmen's Compensation Act, 1923, of persons employed in the handling of heavy goods.

The Committee of the Chamber are agreeable to the view expressed by the Government of India that the handling of heavy goods is hazardous and that there is a necessity of extending the benefit of the Workmen's Compensation Act to that occupation. The Committee have also considered the proposals made by the Government of India and the Government of Bombay for undertaking legislation to that effect and they desire me to inform you

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\* enclosures Not printed.

that they are inclined to support the following proposals contained in the letter dated 9th November 1935, from the Commissioner of Workmen's Compensation, Bombay—

“That the benefit of the Workmen's Compensation be extended to—

- (a) persons employed in handling goods in any godown, shed, or shop and where on any one day of the preceding twelve months ten or more persons have been employed.
- (b) persons employed in handling goods which are stored at any depot where on any one day of the preceding 12 months one hundred or more persons have been employed.

The Committee would therefore suggest to the Government of India to undertake legislation on the above lines, and thus secure the benefit in case of all kinds of injuries by putting restriction on the number of persons employed at a place instead of making the benefit wider as to persons but restricting it in case of gravest injuries, *i.e.*, those resulting in death or disablement involving the loss of 50% earning capacity as proposed by the Government of India.

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#### BENGAL PAYMENT OF WAGES RULES, 1936.

*Copy of letter No. 6548-75-Com., dated the 3rd August 1936, from the Government of Bengal, Commerce Department, to the Chamber.*

I am directed to forward herewith\* copy of a notification No. 6373-Com., dated the 1st September 1936 publishing the draft Bengal Payment of Wages Rules, 1936, and to request that the opinion of your Chamber on the provisions of the draft rules may be submitted to this Department as soon as possible but not later than the date mentioned in the notification.

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\*Not printed

Letter No. 1767, dated 10th November 1936.

From the Chamber to the Government of Bengal,  
Commerce Department.

I beg to refer to your letter No. 6548-75-Com., dated 3rd August 1936, re: Draft Bengal Payment of Wages Rules, 1936 and to state below the views of the Committee of the Indian Chamber of Commerce, Calcutta.

*Rule 3 Sub-Rule (2).*—The Committee suggest that the words “to be” appearing in “on which the fines realized are to be expended” be deleted. The Committee feel that the purposes for which the money is realized from fines is expended, are so varied and in many cases, unforeseen, that it would be hardly possible to state beforehand the purposes for which the money is to be expended. If, however, the money is spent for purposes other than any of those which have been stated in the proposed Register of Fines, that would constitute an infringement of the Act and would at once be questioned by the Factory Inspector. The Committee therefore do not see any necessity of including approved purpose or purposes for which fines are *to be* expended, in the Register of Fines.

*Rule 7.*—In regard to the proposed provision for examination of all weights, measures or weighing machines used in a factory by an Inspector at least biennially, the Committee suggest that the weights, etc., be examined and tested periodically by the makers, who, they feel, would be more competent to do so than Factory Inspectors.

*Rule 9.*—The Committee are of opinion that the provision giving authority to the Chief Inspector of Factories to approve acts or omissions for which fines might be imposed and the purposes on which the proceeds of fines be expended should be deleted. The Committee believe that no workers are fined except for good and sufficient reasons, and workers themselves would protest if they are fined without fault. This Rule should therefore be deleted.

*Rule 10, 11 and 12.*—The Committee are opposed to the inclusion of the Rule 10 which relates to Application in respect of fines, as they firmly believe that the Rule is not going to be of benefit to any one and would not serve any useful purpose. The Committee therefore suggest its total deletion. For the same

reasons, the Committee are of the opinion that Rules 11 and 12 also should be deleted.

*Rule 13.*—The Committee suggest the deletion of all the words appearing after “or a person” and the addition of the following :—

“Holding a position of authority in the department concerned.”

This is a consequential amendment having regard to the suggested deletion of Rules 10, 11 and 12.

*Rule 17.*—The Committee feel that the question of making and realizing advances from the workers be left to the discretion of the employer and therefore suggest that this Rule be deleted.

*Form V Clause 4.*—The Committee suggest the substitution of the word “employer” in place of “Manager”.

*Form V Clause 6.*—The Committee are not agreeable to the proposed change in the existing Rule for payment of wages, as in many large factories the rule is to have two weeks’ lying time.

*Form V Clause 9 Sub-clause (2).*—(a) The Committee consider that no stated amount should be given, as proposed by sub-clause 2(a).

(b) The Committee are of the opinion that fines should be allowed to be recovered by instalments. The Committee therefore suggest the deletion of these two provisions in sub-clause (2).

(c) The Committee are of the opinion that it is the management of a factory who should be given the power to apply these fines to the purposes which they consider beneficial to workers, and not that the Inspectors should be given the power of approving the same.

The Committee trust that the Government of Bengal will give their careful consideration to the above suggestions with a view to their adoption in the Final Bengal Payment of Wages Rules, 1936.

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NOMINATION OF INDIAN EMPLOYERS' DELEGATION TO THE 23RD  
SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

*Copy of letter No. 8642-66-Com., dated the 13th November 1936,  
from the Government of Bengal, Commerce Department, to  
the Chamber.*

*Twenty-third Session of the International Labour Conference.*

I am directed to forward herewith\* a copy of the Government of India's Press Communique dated the 15th October 1936, relating to the nomination of delegates and their advisers for the twenty-third session of the International Labour Conference to be held at Geneva in June 1937, and to say that any suggestion which your Chamber desire to make through the local Government may be submitted to this Department not later than the 10th December 1936.

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Letter No. 51 dated 12th January 1937.

From the Chamber to the Government of Bengal,  
Commerce Department.

I am directed by the Committee to refer to your letter dated the 13th November, 1936 re: Twenty-third Session of the International Labour Conference at Geneva, 1937 and to state that the Committee suggest the names of Sir Hormusji P. Modi, President Employers' Federation of India, Bombay and Mr. Gaganvihari L. Mehta, Vice-President, Indian Chamber of Commerce, Calcutta, for nomination as the Employers' Delegate and Adviser respectively, to the 23rd Session of the Conference. The Committee hope that these names will be found acceptable to the Government for nomination.

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**RAILWAYS.**

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**POLICY OF THE INDIAN STORES DEPARTMENT OF THE  
GOVERNMENT OF INDIA.**

*Copy of letter No. 1626, dated the 8th October 1936, from the  
Chamber to the Government of India, Indian Stores  
Department, Simla.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to invite your attention to the policy adopted by the Department in regard to Stores Purchases for Railway requirements. The Committee understand that for some years past, the Department has been contracting for the purchase of the requirements of State Railways especially paints and varnishes without indicating the quantity required. In other words, the contracts entered into are for rates only. The Committee desire to point out that this system of purchasing, without giving any indication whatsoever of the quantity, involves a great hardship on the suppliers and on several occasions results in a great loss to them. Once having made the contracts, the contractors are obviously bound to supply any quantity required and that too within a short notice. On the other hand they have got no means at their disposal to know how much will be required by the Railways at particular time or during the year. The only basis on which they can go is the previous year's consumption, but the Committee understand that in several cases this works out to be misleading as sometimes only nominal quantities are drawn by the Stores Department for the Railways with the result that big stocks reserved by the Contractors in anticipation of the requirements based on the previous year's consumption, become a dead loss to the contracting firm. If, however, on the other hand, the demand of the Railways is more than expected, the contracting firm would find it difficult to meet with the same and will have to buy it from the market sometimes at very high prices.

The Committee understand that this system of making contracts on rate basis was opposed by the paint manufacturers but nothing has been done so far by the Department to remove this grievance. The Committee may point out in this connection that

the other Railways which are not under State Management and other Semi-Government bodies, do specify the actual figures of the quantity required subject of course to the usual variations of 25% at the time of inviting tenders and contracts are entered into on the basis of these figures. This system works very satisfactorily and the Committee shall be glad to know if there is any reason why the same practice cannot be adopted, in the case of Paints and Varnishes and other contracts for State-managed Railways also.

In view of the difficulties pointed out above, the Committee would request the Department to press upon the Railways to furnish estimated quantities of their requirements of Paints and Varnishes, as is done by other Railways and Semi-Government bodies, and to invite tenders on the quantity basis, in order to remove this grievance of Paints and Varnish Manufacturers. The Committee would be glad to know what action the Department proposes to take in the matter.

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*Copy of a letter No. K-16(161) dated New Delhi, the 18th November 1936, from the Chief Controller of Stores, Indian Stores Department, to the Chamber.*

I have the honour to acknowledge receipt of your letter No. 1626 dated 8th October 1936, which refers to the policy adopted by this Department in regard to Stores Purchases for Railway requirements and in particular to the purchase of Paints and Varnishes for State Railways.

The invitations to tender relating to these stores provide for the submission by tendering firms of alternative prices for "Running" Contracts and "Rate" Contracts. When a "Running" Contract is placed the quantity of stores to be supplied is specified and that quantity is subject to increase or decrease by 25%, provided reasonable notice in writing of any increase or decrease is given to the contractor. When purchase is covered by a "Rate" contract the actual quantities drawn during the 3 years preceding the contract period are stated for the information and guidance of the supplier. The tender form invites the tenderer to state the quantity of the particular article he would hold in stock at the major port and also the quantity he would agree to supply ex works within a certain

period. The successful contractor cannot therefore be asked to supply "any quantity" at "short notice".

If your Chamber will be good enough to furnish me with details of cases where it is claimed that the system of purchase has caused hardship to any supplying firm I shall be pleased to look into the matter.

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#### RAILWAY RATES FOR SOFT COKE.

*Copy of letter No. 226 dated 17th February 1936, from the Chamber to the East Indian Railway, Calcutta.*

The Committee of the Indian Chamber of Commerce, Calcutta, approached the Government of India (Railway Board) for a reduction in the existing scale of charges for soft coke in order to stimulate its demand in the distant markets, which at present is handicapped by the high rates of freights; but they have been advised by the Board to approach the Railway Administrations concerned for reducing the rates to particular stations offering an opportunity for developing the traffic in soft coke.

The Committee feel that the demand for Soft Coke is handicapped in the following markets, which offer an opportunity for development, due to the high rates of freight charged by the Railways:—

Bombay	Karachi	Ahmedabad
Poona	Indore	Bhavanagar
Amritsar	Agra	Sholapur
Baroda	Lahore	Rajkot
Delhi		

The Committee would therefore request you to be good enough to give a special concession by reducing the existing scale of charges to these markets with a view to develop the traffic and help the soft coke industry in establishing a permanent place by the creation of demand for soft coke in thickly populated distant markets. This action will serve two purposes. The coal trade will get some help and the Railways will get additional traffic, which both are in need of.

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*Copy of letter No. CR/1251 A. dated 28th April 1936, from  
PT. I/BM.  
the Chief Commercial Manager, East Indian Railway,  
Calcutta to the Chamber.*

*Rate for Soft coke.*

Your letter No. 00226 dated 17th February 1936 and No. 00467 dated 8th April 1936 to the Agent, E. I. Railway.

I beg to state that the matter has been very carefully examined and I much regret my inability to entertain the request for a reduction in the existing rates for soft coke which are already very low.

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Letter No. 833 dated 7th July 1936.

From the Chamber to the Chief Commercial Manager,  
East Indian Railway, Calcutta.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to acknowledge receipt of your letter No. CR/1251A dated 28th April 1936, re: Railway Rates for soft coke. The Committee regret to note that the Railway authorities are unable to reduce the existing rates for soft coke booked to long distances on the ground that the rates for soft coke are already low. The Committee feel, however, that with a little encouragement it is easily possible to increase the consumption of soft coke at various places mentioned in their letter dated 17th February 1936. The Committee consider that the consumption of soft coke at these places is remarkably small in comparison with other fuels being used there, and with the growing appreciation of the economic and sanitary qualities of soft coke, it is very likely that the consumption of soft coke could be increased considerably if the Railways were to give some more facilities which it would also be in their own interests to do, because increased consumption will mean larger traffic for them, and such increased traffic would be particularly welcome to them at the present time when there is a surplus of wagons.

In this connection, I am also to point out that the scale of charges for alternative fuels like fire-wood is lower than that of coal

per maund per mile. In order therefore to assist soft coke in competing with alternative fuels, *e.g.*, fire-wood, it would be very helpful if the Railways consider the question of reduction of freight particularly in markets where there is a potentiality of increased consumption. What is more, even at the present time the rate of freight for coal is in excess over the normal minima and this serves to show that no special consideration whatsoever has been given in the matter of quotation of rates of freight for soft coke beyond its exemption from the surcharge levied on coal. The Committee therefore urge the Railway to consider this matter and agree to reduce, if only as an experimental measure, the existing scale of charges for soft coke with a view to help the Indian coal industry, particularly the second class collieries manufacturing soft coke, and indeed indirectly also the Railways themselves who would benefit from the increased traffic which is sure to result as a consequence of the reduction of the existing rates on soft coke, particularly to long-distance markets like, Bombay, Poona, Amritsar, Baroda, Delhi, Karachi, Indore, Agra, Lahore, Ahmedabad, Bhavanagar, Sholapur and Rajkot.

I shall be obliged if you will kindly let me have an early reply to this letter intimating what you propose to do in this matter.

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Letter No. CR/CR-1251/A2/BM dated 16th July 1936.

From the East Indian Railway to the Chamber.

*Rate for Soft Coke.*

Your No. 00833 of 7th July 1936.

I beg to state that I have carefully considered the contents of your above-quoted letter but regret I am unable to alter my decision already communicated to you in my letter No. CR.-1251/A/Pt.I/BM of 28th April 1936.

INFORMAL QUARTERLY MEETINGS.

PAYMENT OF FREIGHT ON COAL AND DELIVERY OF RAILWAY RECEIPTS  
AT JHERRIAH INSTEAD OF AT PATHARDIH.

Letter No. MM.-1682/33, dated 8th/9th October 1936.

From the Chief Operating Superintendent, Coal, East Indian  
Railway, to the Chamber.

With reference to your letter No. 00958 dated 31st July 1936 addressed to the Secretary, Informal Quarterly Meetings between Agents of Railways and Presidents of the Chambers of Commerce in Calcutta, on the subject of "Delivery of Paid Railway Receipts (issued in respect of coal traffic) at Jherriah instead of at Pathardih I beg to advise you that it has since been arranged that with effect from 1st November 1936, Collieries in the Jherriah area only may deposit freight due on Paid railway receipts covering bookings from their respective collieries at Jherriah station,

Advise regarding payment will be communicated to the Head Weigh Clerk Pathardih over the 'phone and delivery of the Paid Railway Receipts will be granted by him to the private weigh clerks of the collieries concerned. This will obviate the necessity of colliery staff having to carry sums of money to Pathardih for release of Paid Railway Receipts.

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Letter No. 1687, dated 17th October 1936.

From the Chamber to the Chief Operating Superintendent, Coal,  
East Indian Railway.

I am directed by the Committee to acknowledge receipt of your letter No. M.M.-1688/33 dated the 8/9th October 1936, on the subject of "Delivery of Paid Railway Receipts (issued in respect of coal traffic) at Jherriah instead of at Pathardih" and to state that the Committee are thankful for the arrangement which you have been good enough to make in the matter.

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Letter No. 1803, dated 18th November 1936.

From the Chamber to the Chief Operating superintendent, Coal,  
East Indian Railway.

In continuation of my letter No. 1687, dated the 17th October 1936, I am directed to state that the Committee appreciated the arrangement which you made re: Realisation of Freight amount at Jharia and Delivery of Paid Railway receipts at Pathardih, for coal traffic from Jharia collieries, invoiced at Pathardih, but they would like to request you to make the arrangement applicable to all coal traffic weighed and invoiced at Pathardih, irrespective of whether the Collieries are situated in the Jharia area or in the Pathardih area. The Pathardih area, as the Committee understand has the greatest number of collieries situated at a considerable distance, and they feel the same inconvenience and incur the same risk in sending money to Pathardih, as the collieries in the Jharia area. The Committee may therefore point out that the present arrangement made by you falls short of the requirements of the Industry and in order to remove the inconvenience felt by the collieries situated in the Pathardih area at a long distance from the station they would request you to kindly extend the arrangement to all coal traffic invoiced at Pathardih. The Committee hope that you will give the matter your careful consideration and be good enough to effect the necessary change.

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*Copy of letter O.M.W.-179 dated 7th January 1937, from the Chief Operating Superintendent, (Coal), East Indian Railway, to the Chamber.*

*Amalgamation of Jherriah Invoicing section with Pathardih.*

Your letter No. 01803 dated 18th November 1936.

With reference to your above letter, I have had the proposal made therein examined, and I regret that I cannot find that it would be of any particular advantage to anybody if this proposal was given effect to.

To commence with, certain of the collieries are close to Pathardih station and it is considered that they would certainly object to have to go to Jherriah to pay in their cash when they could do the

same at a short distance away. Further, there is a convenient bus service between Pathardih and Jherriah by which neighbouring collieries ordinarily send their staff with cash for payment of freight on paid invoices. The number of invoices left over on account of collieries situated nearer to Jherriah would be so small that it would not be worthwhile making the change.

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PROPOSAL OF THE E. B. RAILWAY FOR NOT INCLUDING SUBJECTS REFERRING TO ONE RAILWAY ADMINISTRATION AND ONE CHAMBER OF COMMERCE IN THE AGENDAS OF THE INFORMAL QUARTERLY MEETINGS.

*Copy of letter No. CR/LM 1/21 dated 8th August 1936, from the Secretary, Informal Meetings between Chambers and Agents to the President, Indian Chamber of Commerce, Calcutta.*

*Subjects for inclusion in Agendas for Informal Meetings.*

I enclose copy of letter No. 437-C/253/PN/CAG dated 5th August 1936, from the Agent, Eastern Bengal Railway, on the above subject, and shall be glad if you will favour me with your remarks thereon by the 15th instant.

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*Copy of letter No. 437-C/253/PIV/CAG dated 3rd August 1936, from the Agent, Eastern Bengal Railway, Calcutta, to the Secretary, Informal Meetings between Chambers and Agents, Calcutta.*

Will you please include the following subject in the Agenda of the next Informal Meeting fixed for Wednesday the 9th September 1936 :—

Consideration of the question as to whether matters concerning only one Railway Administration and one Chamber of Commerce should be included in the Agenda of the Informal Meetings, or whether the subjects to be discussed at such meetings should be confined to those in which more than one Railway Administration or Chamber of Commerce happens to be concerned".

A note\*, explaining the reasons for which the subjects is put forward for consideration, is enclosed.

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Letter No. 1131, dated 21st August 1936.

From the Chamber to the Secretary, Informal Quarterly Meetings  
between Railways and Chambers of Commerce, Calcutta.

I am directed to acknowledge receipt of your letter No. C.R.L.M.-1/21 dated 8th August 1936 inviting the views of the Committee of the Chamber in connection with the proposal of the E. B. Railway re: the nature of the subjects for inclusion in the Agenda for the Informal Quarterly Meetings.

The Committee have carefully considered the proposal and they are of opinion that no restriction should be imposed on the inclusion of subjects which concern only one Chamber and one Railway administration for discussion at the Quarterly Meetings. The chief purpose of having the Informal Quarterly Meetings is to allow free discussion on questions, which could not have been settled to the satisfaction of the parties concerned by direct correspondence. The Quarterly Meetings would indeed, not serve their full purpose if the discussions at these meetings are limited only to such matters which relate to more than one Chamber and more than one Railway, for such matters could, in most cases, be only question of broad policy and not questions relating to particular grievances felt by the commercial community. Several subjects discussed at these meetings, though they may concern only one Chamber and one Railway, happen to be considerable importance to all the Railways and Chambers of Commerce and in the opinion of the Committee, therefore, it would not be desirable if such subjects are not allowed to be included in the Agendas of the Quarterly Meetings.

In view of the above reasons, the Committee are definitely of the opinion that there should be no restriction on the nature of the subjects to be included in the Agenda for these Meetings, as suggested by the E. B. Railway, and all questions, including those that concern only one Railway and one Chamber, should be discussed at the Informal Meetings, in order to give an opportunity to the mercantile community and the Railways to understand each other's points of view better and appreciate each other's difficulties.

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IMPOSITION OF A TERMINAL CHARGE OF AS 2 PER TON OF COAL  
BOOKED TO STATIONS ON THE E. I. AND B. N. RAILWAYS.

Letter No. 416-417, dated 27th March 1936.

From the Chamber to (1) The East Indian Railway (2) The Bengal Nagpur Railway.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta has been drawn to the notice issued under the joint signatures of the Agents of the East Indian and the Bengal Nagpur Railways stating that with effect from 1st April 1936, a terminal charge of two annas per ton will be levied on all consignments of coal, coke and patent fuel booked to any station on those Railways except Howrah, Shalimar and other Calcutta stations of the two Railways. The Committee of the Chamber greatly regret that at a time when the coal industry is suffering from various handicaps, the East Indian and the Bengal nagpur Railways should have thought it fit to subject it to a further handicap in this manner. The Committee feel that the coal industry needs relief in various directions *e.g.*, by removal of the surcharge on railway freight, by the abolition or reduction of the numerous taxes to which it is subjected in order to enable the industry to improve its condition which has been unenviable for the last many years. The Railways are doubtless acquainted with the condition of the Coal Industry, and it is surprising to the Committee to find that they have initiated the proposal for the imposition of a terminal charge of 2 annas per ton at the present juncture. The Committee of the Chamber also feel that a terminal charge is levied for the performance of an extra service by the Railways. But in the present instance, the Railways propose to levy a terminal charge for performing no extra service whatsoever. The Committee also feel that the levy of the terminal charge at the receiving ends will be a serious obstacle to the Indian Soft Coke Cess Committee in their campaign for popularising the use of this domestic fuel inasmuch as it will increase the cost of the soft coke and make it a dearer fuel. The Committee of the Chamber trust that in view of the very adverse effects on the coal industry, the East Indian Railway and the Bengal Nagpur Railway will reconsider their proposal to levy a terminal charge from 1st April 1936, and drop the same till such time at any rate as the coal trade is in a condition to bear such an extra burden.

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*Copy of letter No. R.A.-47/784, dated 14th April 1936, from Bengal Nagpur Railway to the Chamber.*

*Introduction of receiving end terminal of 2 annas per ton on coal booked to local Stations on E. I. and B. N. Railways.*

Your letter No. 00417, dated 27th March 1936.

With reference to your above quoted letter, addressed to the Agent, Bengal Nagpur Railway, which has been forwarded to me for disposal, I enclose herewith for your information a copy of a Memorandum\* in this connection.

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Letter No. 513, dated 22nd April 1936.

From the Chamber to the Commercial Traffic Manager, Bengal Nagpur Railway Co., Ltd., Kiddepore.

I beg to acknowledge receipt of your letter No. R.A.-47/784 dated 14th April 1936 forwarding therewith a memorandum in regard to the introduction of a terminal charge of 2 annas per ton on coal booked to local stations on the East Indian and Bengal Nagpur Railways. The Committee of the Chamber have perused the memorandum carefully, but they regret to find that it hardly contains any reason in justification of the levy of the terminal charge of as -/2/- per ton.

The Committee of the Chamber pointed out in their letter dated 27th March that the coal industry, if anything, stands in need of relief by removal of the various taxes to which it is subjected, *i.e.*, surcharge on railway freight, etc. It is surprising that the East Indian and the Bengal Nagpur Railways, the largest carriers of coal, who are fully acquainted with the position of the industry, should have thought it fit to impose a terminal charge of 2 annas per ton at the present juncture. The Committee feel that the application of the terminal charge on traffic to local stations is sure to affect the coal trade and they therefore urge that the burden of a



terminal charge of 2 annas per ton should not be imposed. In regard to the observations made by you about the movement of soft coke in considerable quantities to stations on foreign railways, I am to point out that the incidence of railway freight certainly plays an important part in determining the popularity of soft coke for domestic purposes. Both the East Indian and the Bengal Nagpur Railways have a long lead of traffic on their own railways and the imposition of this terminal charge will certainly affect adversely the despatch of soft coke which is able to compete in distant markets and which should not be handicapped further at this stage. The Committee therefore hope that in order to popularise the use of soft coke, the Bengal Nagpur Railway and the East Indian Railway will reconsider the matter and decide to do away with the terminal charge as they strongly feel that it will cause a restriction in the use of soft coke for domestic purposes at many important centres like Benares, Allahabad, Lucknow, Delhi, Nagpur etc., and at various other towns served by the E. I. and the B. N. Railways. This will not only retard the progress made but will undo the work done by the Indian Soft Coke Cess Committee so far.

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#### DIFFICULTIES EXPERIENCED BY 3RD CLASS PASSENGERS ON RAILWAYS.

Letter No. 570, dated 2nd May 1936.

From the Chamber to the Agent, East Indian Railway.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to invite your attention to some difficulties recently experienced by Third Class Passengers on your line and have to request you to be good enough to look into the matter with a view to remedy them. The first difficulty relates to the abolition of the Sealdah-Delhi Express. This train was being availed of by a large number of passengers and its cancellation has caused considerable hardship. The Committee would therefore suggest the desirability of reinstating the Sealdah-Delhi Express or of running another fast service between Calcutta and Delhi leaving Howrah in the morning.

In regard to the introduction of the system of reservation for Third Class passengers, the Committee beg to suggest that in order

to suit the convenience of the passengers, the Railway authorities should not put in any compartment more than three-fourths of the number of passengers for whom the compartment is meant. As the Railway accommodates as far as possible passengers for the same destination in the reserved compartments it would be very much appreciated if only three-fourths of the seating capacity were thus filled in order to allow some room for stretching for these passengers during their long journey. The Committee would further suggest that duplicate trains may be run from Howrah to Delhi whenever the seating accommodations in a train are full. The Committee hope that you will be good enough to give your careful consideration to these points.

I shall be obliged if you will kindly let me have your reply on the subject at your earliest convenience.

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*Copy of letter No. O.M.T.-203-A dated 9th May 1936, from the  
Chief Operating Superintendent, E. I. Railway,  
to the Chamber.*

Your letter No. 570 of 2nd May 1936 to the Agent, Calcutta.

In reply to your above, I beg to state that 13 Up and 14 Dn. Express trains were withdrawn because in the first instance they were extremely slow between Calcutta and Delhi on account of the circuitous route followed and in the second instance because these trains did not fill at all well on certain parts of their journey.

As regards third class passengers from Howrah to Delhi I beg to state that we are carrying them faster than by 13 Up which was some 9 hours slower than 7 Up. The question of re-introducing 13 Up and 14 Down will however, be considered when revision of the cold weather Time Table is taken in hand.

Trains are already being duplicated and whenever there is a necessity for a duplicate train, it will be run.

In regard to the system of reservation for third class passengers, I shall send you my reply in due course.

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*Copy of letter No. I.M.T.-203/A dated 29th June 1936, from the  
Chief Operating Superintendent, East Indian Railway,  
to the Chamber.*

Your letter No. 570 dated 2nd May 1936.

In continuation of this office letter No. O.M.T.-203/A of the 29th May 1936 regarding the reservation of seats for third class passengers, I regret I cannot accept your proposal to leave part of a compartment empty.

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PROVISION OF FOOT-BOARD AT STATIONS WITH  
LOW-LEVEL PLATFORMS.

Letter No. 754, dated 19th June 1936.

From the Chamber to Sir Abdul Halim Ghuznavi, Kt., M.L.A.,  
Member, Central Advisory Council for Railways.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to acknowledge receipt of your letter dated 2nd June 1936, forwarding therewith copy of a letter dated 25th May 1936, received by you from the Secretary of the E. B. Railway Local Advisory Committee regarding the proposal for providing suitable foot-boards at the stations with low level platforms for the convenience of passengers in entraining and detraining.

The Committee of the Chamber have carefully considered the matter and though they feel that from the point of view of the convenience and safety of passengers, the raising of all low level platforms to a high level is a better arrangement, they support the alternative proposal of the railways for providing suitable foot-boards in view of the present financial condition of the Railways.

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*Copy of letter dated the 1st June 1936, from Sir Abdul Halim  
Ghuznavi, Kt., M.L.A., Member, Central Advisory  
Council for Railways to the Chamber.*

I am enclosing herewith copy of a letter No. 72 G./1/54 dated the 25th May 1936 and that of its enclosure received from the Secretary of the E. B. Railway Local Advisory Committee, regarding the proposal for providing suitable foot-boards at the stations

with low level platforms for the convenience of passengers in entraining and detraining. As regards the sketch mentioned therein, I have no spare one to send you. I shall be much obliged if you will kindly let me know the opinion of your Chamber on this subject at an early date.

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*Copy of letter No. 72 G./1/54 dated the 25th May 1936, from the  
E. B. Railway Local Advisory Committee to Sir Abdul  
Halim Ghuznavi, Kt., M.L.A.*

I am directed to forward herewith\* for favour of an expression of your views on the proposal, after sounding public opinion if you think fit, a memorandum and a sketch explaining a proposal that the difficulty experienced in entraining and detraining at stations provided with low level platforms, should be overcome on the Eastern Bengal Railway by the adoption of a more suitable arrangement of foot-boards instead of by trying to find funds to raise all the platforms to high level.

I am to add that the subject has been placed on the agenda of the next meeting of the Local Advisory Committee to be held on the 17th June 1936, and a reply before that date, if possible, will be greatly appreciated.

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#### LEAKAGE IN FIRST CLASS COMPARTMENTS ON E. B. RAILWAY.

Letter No. 793, dated 26th June 1936.

From the Chamber to the Agent, Eastern Bengal Railway.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta has been invited by Mr. B. M. Birla, President of the Chamber, to the difficulties experienced by him while travelling from Shillong to Calcutta on your Railway at the Pandu Station on 4th June 1936, on account of leakage in first class compartments. He states that, with a view to changing his compartment, he saw two other first class compartments, but they were all found to be leaking. The Committee need hardly emphasise the inconvenience

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and difficulties that would be experienced by passengers in this rainy season due to such an undesirable condition of railway compartments. Besides, if this is the condition of compartments in the First class, which is expected to be equipped and maintained in the best condition, the condition of second and Third class carriages could be easily imagined. If the Railways do not care to look after such essential needs of passengers, the Committee can hardly imagine what the Railways would do for the other conveniences of passengers.

The Committee would therefore request you to kindly look into the matter and take necessary steps in order to avoid such occurrences in future. The Committee would be glad to have an early reply in regard to this matter.

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Copy of letter dated the 3rd October 1936.

From the Chief Mechanical Engineer, E. B. Railway, to the Secretary, Local Advisory Committee, Calcutta.

*Copy to the Chamber in continuation of this office No. 72 G/4 P II dated 29th August 1936.*

*Complaint made by Mr. Birla while travelling from Amingaon to Parbatipur by 4 Dn. Mail on 4th June 1936.*

With reference to correspondence resting with your No. 72 G/1/55 dated 1st October 1936, I have to inform you that an examination of this Railway B. C. No. 1343 has since revealed that the roof of the vehicle was in a leaky condition. This has since been put right. Presumably Mr. Birla travelled in one of the compartments of the above vehicle and the inconvenience caused to him is very much regretted.

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ABSENCE OF INDIAN STYLED LATRINES IN SECOND CLASS  
COMPARTMENTS.

Letter No. 1433, dated 21st September 1936.

From the Chamber to the Government of India, Railway  
Department, (Railway Board).

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to considerable inconvenience that is being caused to passengers on account of the absence

of Indian styled Latrines in Second Class compartments in trains. Many of the passengers travelling in Second Class are not accustomed to the use of commodes generally provided in these compartments, and consequently they are put to a great deal of inconvenience. The Committee understand that Railways are now introducing Indian styled latrines in newly constructed Second Class compartments, but the process is so slow that it is likely to take a considerable time before all Second Class compartments are provided with this facility. Even in cases where this facility exists, the Committee understand that the size and style of latrines are in many cases not suitable, the seats being wider than usual.

The Committee would therefore request the Railway Board to kindly issue instructions to the various Railways for providing Indian styled latrines in all Second Class compartments and to lay down an uniform style and size for such latrines, convenient for use by the Indian public.

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*Copy of letter No. 36/440/3/S dated 10th October 1936, from  
the Government of India, Railway Department,  
(Railway Board) to the Chamber.*

*Indian styled latrines in II class compartments.*

I am directed to acknowledge receipt of your letter No. 01433 dated 21st September 1936.

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INCONVENIENCES FELT BY LOWER CLASS PASSENGERS AT WAYSIDE  
STATIONS, IN OBTAINING THROUGH TICKETS.

Letter No. 1430, dated 21st September 1936.

From the Chamber to the Government of India, Railway  
Department, (Railway Board).

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the inconvenience and difficulties experienced by passengers at way-side and small stations in the matter of obtaining through tickets for long-distance travel. The station staff at small stations often refuse to issue through

tickets on the pretence of there being no time to prepare the same and consequently passengers have not only to experience the inconvenience of buying a ticket a second time in the middle of their journey, but have also to pay comparatively more for the distance travelled. The Committee understand that according to the Rules, booking offices at all stations must be kept open at least half an hour before the arrival of trains, but in practice this Rule is hardly followed and at several stations booking offices open only five minutes before a train is due. You will please realise that it is hardly justifiable for the station staff not to open booking at the scheduled time and then to refuse to prepare through tickets on the pretext of 'no time'. It is perhaps not realised that in trying to save a little trouble to themselves, which, of course, is a part of their duty, the station staff put the travelling public to a great inconvenience and worry.

The Committee would therefore earnestly request the Railway Board to be good enough to give their careful attention to this matter and take the necessary steps to remove this grievance of the travelling public. It need hardly be pointed out that a little more attention on the part of railway authorities towards the convenience of the travelling public, specially the third class passengers, would go a great way in making railway travel more popular among the masses, and thus augment railway income. The Committee shall be glad if the Board would let them know the steps they take in the matter.

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#### RAIL-ROAD COMPETITION.

Letter No. 697, dated 8th June 1936.

From the Chamber to the Government of India, Railway  
Department, (Railway Board).

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to refer to a Press Report from Simla dated the 2nd June 1936, in regard to the proposal to introduce a bill to control motor transport by compulsory insurance of motor lorries and strict enforcement of rules of travel on the road. It has also been suggested that other methods might be adopted such as an increase in the duty on petrol in order to get funds for Road Development. The Committee understand that this subject will come up for discussion at the

next meeting of the Railway Transport Advisory Council and therefore take this opportunity of submitting their views in the matter.

The Committee have also to refer in this connection to the opinion recently expressed by Sir Guthrie Russell, the Chief Commissioner of Railways in India, on the problem of rail-road competition at a Conference of the Agents of the Five Major Railways held at Bombay on the 21st and 22nd of May 1936. The Chief Commissioner stated that the uneconomic competition of motor transport had severely hit the railways, and unless motor transport was controlled and was made to charge a reasonable level of rates and fares, the railways believed that it would not be possible to improve their services and give further facilities to passengers and trade. The Chief Commissioner also mentioned that steps should be taken to devise proper control of road transport which would avoid the present unhealthy and uneconomic competition which was not in the interests of India as a whole. In view of these observations, the Committee cannot but conclude that the proposed bill to impose regulations on motor transport is the outcome of a deliberate policy of railways to hamper the development of road transport and prevent its effective competition with the railways. While the Committee would not object to any reasonable regulations of motor transport in the interest of public safety or public convenience, the Committee strongly object to any regulations which are devised primarily in the interest of railways with a view to stifle competition of an alternative means of transport which the railways find inconvenient. In particular, the Committee consider the proposal to increase the duty on petrol as most objectionable. Petrol already bears too high a duty, *viz.*, 10 annas per gallon, and is consumed not only in public lorries and buses, but even more largely by private owners of cars, etc., and for industrial purposes. The Committee fail to understand on what grounds Railway authorities can enforce insurance on lorries and buses.

It is essential for the railways to view the competition of motor transport in its proper perspective instead of trying to regard it as an intruder in its own preserve. The railways should consider ways and means of improving their own administration instead of devising methods of eliminating what they regard as unhealthy but what is, in fact, an absolutely legitimate form of competition. The Committee have in this connection to refer to the observations of



Sir Joseph Bhore, the late Commerce Member, in 1935 when he welcomed motor competition. "Scientific research may, quite conceivably and perhaps sooner than we imagine, cut down by a substantial margin to-day's operating costs of motor transport. Whatever may be the strictly narrow railway view of such competition, present and prospective, we must all admit that in the larger interests of the country it is good that it should exist, for only through such rivalry can the public be assured of the maximum efficiency in service at a minimum cost." The Committee would also refer to the remarks of Sir Zafrullah Khan, the present Commerce Member, who in his speech during the general discussion on the Railway Budget stated on the 19th February last that "in the fact of that competition (*viz.*, Motor competition), there is nothing inherently to be sorry about either on behalf of the Railways or generally on behalf of the country." The Commerce Member added that "this form of transport has come to stay and this form of transport serves purposes which the railways would not be able to serve if it went out of use altogether." The Committee consider that competition from the road seems to have been the only incentive for the railways to try to develop efficiency and to be responsive to the needs and demands of the public; they have no doubt that but for such motor competition, there would hardly have been any inducement for the Railways to provide more frequent and improved train services or to reduce freight rates and fares. If such competition is eliminated by legislative coercion, assuming even that such a course is at all possible, it would tend to make the railways relapse into monopolistic apathy, if not inefficiency. The mercantile community strongly disapprove of any proposal designed to drive out motor competition. Motor competition is not unhealthy *per se* and the railways as a transport service must earn their way as efficient carriers on their merits and not seek to take refuge behind their privileged position *vis-a-vis* the Government. A fundamental reason of motor competition is to be found in the uneconomic and excessive rates of railways.

The railways have been admittedly run at a loss for the last five years and since 1931-32 they have not made any contribution to the general revenue. The actual loss of the working of the railways from 1931 to 1937 has amounted to Rs. 45 crores 62 lakhs; besides this, the unpaid contribution towards the general revenues

amounts to about Rs. 31 crores, so that the total loss comes to over Rs. 75 crores. Moreover, the Depreciation Fund of the railways has been depleted and the railway reserve as well as the stores balance have been practically exhausted. The last railway budget showed that the actual deficit on the year's working was 4.54 crores. The significant fact is that while in 1924-25, the revenue derived from railways was about Rs. 100 crores, it has gone down to about Rs. 90 crores now, that is by 10 per cent. On the other hand, the working expenses are about 5 per cent. higher than they were in 1924-25. While in 1932-33 the railway staff was 7,23,000 and the salary of the staff came to Rs. 29 crores constituting 40.8 per cent. ratio to the working expenses, in the year 1933-34 although the railway staff was 6,70,000, the staff was paid Rs. 34.14 crores which constitute 53.8 per cent. of the working expenses including depreciation. This increase in expenditure on establishment has taken place when there has been a fall in the price level. It is obvious that a business concern which spends nearly 54 per cent. of its working expenses merely on the staff can hardly thrive. No railway administration which has any sense of responsibility towards the public or respects the standards of business economy would, in the face of such financial stringency, tantamount almost to financial insolvency, have restored the salary cut as was done by the Railway Administration last year. Moreover, even during the current year when a heavy deficit has had to be budgeted for and the Depreciation Fund has to be drawn upon, the working expenses are going to be Rs. 51.14 crores which is half a crore more than the previous year. The Indian commercial community as well as non-official opinion in the Central Legislature have been continuously protesting against the extravagant methods and top-heavy nature of railway administration and despite the appointment of more than one Committee and expert to investigate into this subject, the manner in which the railway administration has been conducted cannot in any way be regarded as sound or in accord with canons of commercial undertakings. As Sir Walter Layton has stated in his report on Indian finance embodied in the Simon Commission's Report, "National enterprises such as the Post Office and the Railways, should feed and not be a charge upon the Central Exchequer". The Indian commercial community has repeatedly pointed out that the freight policy of the railways is unscientific

and the rates are so high as to constitute a heavy burden on industries and agriculture. Despite the phenomenal fall in prices of agricultural and manufactured products, the incidence of fare and freight is on the whole higher to-day than what it was five or six years ago. Railways have only cut their rates whenever they have been faced by competition of alternative modes of transport like waterways or road. The very fact that in spite of heavy charges of freights and fares the railways have to suffer huge deficits for the last several years, clearly indicates that there is something fundamentally wrong in the policy pursued by the railways. It is necessary to emphasise, in this connection, that motor transport which has to pay more for its fuel and provide more for depreciation than railways can compete successfully in the carriage of low-priced articles and even in longer-lead traffic.

The Committee have to point out that Sir Otto Niemeyer in his report also recommended that there ought to be a thorough-going overhaul of railway expenditure. Overhaul of railway expenditure does not, however, mean higher rates for goods and passenger transport, nor prohibition of competition by alternative modes of transport which are maintained by private enterprise and are dependent entirely upon their own charges. The Government of India also in indicating their views on the Niemeyer Report have frankly acknowledged that unless the solvency of railways on the basis of a full commercial accounting system can be restored before very long, the latter stages of the programme envisaged by Sir Otto Niemeyer will be quite impossible of execution. The Committee understand that this problem is, therefore under the serious consideration not only of the Railway Board but of the Finance Department of the Government of India and trust that both railway finance and railway administration will be completely and thoroughly overhauled and re-organised without delay. The Committee hope that means will be adopted for a more rational and economic administration of railways. There are various ways such as amalgamation, grouping, standardisation, encouragement of indigenous industries, manufactures, stores, etc., as well as Indianisation and drastic curtailment of expenditure in all possible directions, which should receive the immediate attention of the Government. The policy of economic self-sufficiency is likely to stimulate internal traffic and benefit railway transport provided railways can take advantage of it by a well-regulated rates policy

The Committee cannot approve of any action on the part of railways to eliminate motor competition and re-establish their own monopoly, which would leave them free to charge higher rates of fares and freights. They are definitely of opinion that railways must face such competition on the strength of their own merits by offering improved facilities and attractive rates.

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#### COMPULSORY INSURANCE OF MOTOR VEHICLES.

Letter dated 8th December 1936.

From the Chamber to the Secretary, Motor Vehicles  
Insurance Committee.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to refer to the terms of reference of the Committee appointed to report on the question of enforcing compulsory insurance of motor vehicles against passenger and third party risks and the questionnaire issued by you and to state below their views with regard to the same.

The Committee may point out at the outset that India with its vast area and a preponderatingly rural population is in great need of further development of cheap, convenient and quick modes of transport. Unfortunately these facilities are not adequately available at present. Even the Railway system is not in a sufficiently developed stage to meet the requirements of the people of this country. The Railways serve only important towns and centres, while most of the villages are still unconnected with each other and with trading centres and the only quick mode of transport that the villagers have got is that of motor-buses which also are not numerous. It is only recently that buses and lorries have come into vogue, but they have fulfilled a longfelt want of the rural population. Apart from the fact that motor buses provide various facilities to the people not only in respect of boarding and unboarding by practically picking them up and leaving them at their doors, but also as regards the timings of arrival and departure, the chief reason of their popularity is of course, their cheapness. The Committee therefore strongly feel that no steps should be taken by the Government and no restrictions imposed on buses, which would tend to increase the cost of their running and would deprive them

of their principal advantage of cheapness. The rural population of India is proverbially poor and any increase in the cost of the Transport service for it is bound to affect it adversely.

It may be pointed out in this connection, that even now motor transport is already overburdened with taxation of various kinds, *viz.*, import duty on vehicles, import duty on chassis, trucks, etc., duty on petrol, import duty on spare parts, Provincial and Local taxes, etc. According to the figures given by Messrs. Mitchell & Kirkness in their report on Road-Rail competition, the total amount paid by all Motor transport in the shape of taxes alone amounted to Rs. 830 lakhs in the year 1931-32. This yearly amount, the Committee believe, must have arisen a good deal by now. Moreover, a variety of regulations for motor buses are in existence in different provinces and Indian States. These Regulations are so stringent in certain places that motorists are not only experiencing considerable difficulty and inconvenience, but sometimes find it almost impossible to pass through some of these areas. Over and above all these and, in the name of Co-ordination of Road and Railway, and inspite of the continued opposition of the public, the various Provincial Governments resort to action which tends to restrict the development of motor traffic. The Committee would point out here that motor transport is still in its incipient stage in India and in view of its peculiar suitability as a means of transport in the vast rural areas, they strongly feel that it should receive encouragement from the Government by all possible means instead of being restricted or handicapped.

In their resolution appointing the Committee, the Government give as one of the main reasons thereof, the growing number of road-accidents. The Committee of the Chamber feel that no adequate data have been placed before the public to show the need of any regulations like that of Compulsory Insurance and believe that road accidents are not of such a magnitude as to cause any alarm. In fact, there is hardly any public demand for compulsory insurance of motor vehicles, especially those running in rural areas and those connecting the country side with the towns. The Committee hardly see any necessity of introducing the system of compulsory insurance of motor vehicles in India.

The Committee do not propose to deal *in extenso* with the terms of reference of the Enquiry Committee and the questionnaire

issued by you but coming to some of the chief points raised therein, they suggest, subject to the views expressed above, that, if compulsory insurance against third party risk is at all deemed necessary, it should be enforced only in respect of motor buses and that motor-lorries and private cars should be exempted from such regulations in any case. Moreover, even if compulsory insurance for motor buses is introduced, the Committee urge that item (2) of the terms of reference, *viz.*, the question of the cost of policies of insurance, should receive the most careful consideration of the Enquiry Committee. This question is of great importance to the development of motor transport; for, as already pointed out, any unnecessary burden in the shape of insurance policies is sure to react on it. The Committee therefore trust that the Enquiry Committee would give the utmost consideration to the effect of compulsory insurance on the cost of transport and see that if at all necessary the least possible burden is put on motor buses. In this connection, the Committee would further suggest that in the event of the enforcement of Compulsory insurance of motor vehicles, local and other taxes should be reduced to the same extent as the cost of insurance, in order that motor vehicles may retain their element of cheapness. Referring to question No. 22 of the questionnaire in this connection, the Committee are of the opinion that the taxable capacity of motor vehicles will be considerably affected by compulsory insurance, even assuming that the cost of insurance is not more than 1/3 anna per bus mile. If the bus-services are to be remunerative, the Committee think that the cost of their running and maintenance should not go up to any appreciable extent in comparison with the standards of the rural population using them.

As regards item No. 3 of the terms of reference, the Committee consider that the best method would be for the State to undertake insurance at a very low rate of premium, limiting the amount of damages to a moderate figure. The sum of Rs. 1,000 even in case of death, should, in the opinion of the Committee, be the maximum sum to be specified to cover third party risk against which a motor vehicle should be insured. So far as insurance against passenger risk is concerned, the Committee recommend that it should be limited to Rs. 1,000 for any one passenger with a maximum of Rs. 5,000 for any one accident. The Committee have not suggested any higher figures because they believe that the class of cases that

would need a higher amount of insurance have already got the requisite knowledge and the resources to insure themselves otherwise against all accidents. It is therefore only in cases of very poor people, that the kind of protection envisaged here is required and the intervention of the State felt necessary. The figures of insurance suggested above are therefore quite adequate to meet the necessity and are commensurate with the condition of the masses.

Coming to item No. 4 of the terms of reference, the Committee would suggest that the nature of compulsory insurance, assuming that the same is introduced, ought not to be such as to add to the premium that is ordinarily charged by insurance companies. If the provision is made, as mentioned in the terms of reference, that the claims in this connection must in any event be paid by Insurance Companies even if there is a flaw in the contract or the insured has defaulted, it would naturally increase the amount of premium. The Committee of the Chamber are of opinion that this extra provision is neither necessary nor desirable as it would increase the burden on the motorists.

In regard to the question of specifying the Companies with which insurance might be effected, (No. 6 of the terms of reference), I am directed to say that although the Committee prefer the scheme of insurance by the State as suggested above, they are of opinion that in the event of that suggestion not being put into practice, it should be obligatory that such policies should be taken from only those companies as are not only registered in India with a rupee capital, but also have their Board of Directors with an Indian majority and effect their re-insurance with such Indian insurance companies only. The Committee are strongly of opinion that India is in vital need of saving every pie that it can for its economic development and it should be the duty of the State to help the process in every direction. If compulsory insurance is introduced, the first and essential safeguard should be that no portion of the premium income either for interim investment or by way of ultimate profits leaves the country. It should also be laid down that the whole amount of premium income should be invested in India.

As regards legislation to secure the compulsory insurance of motor vehicles (question 29 of the questionnaire), the Committee are of opinion that it should not be left to the Local Governments to

make rules for the same under powers conferred by the proposed amendment of the Indian Motor Vehicles Act, 1914 or any other Central Act, for it may result in a diversity of regulations in the various provinces which would greatly hinder the development of motor transport. The Committee therefore suggest that any legislation to secure the compulsory insurance of motor vehicles, if deemed necessary, should be introduced in the Central Legislature, and should be applicable uniformly throughout the country.

In this connection and with reference to question 30 of the questionnaire, the Committee may also point out that the existence of a diversity of regulations and of different local taxes as between British India and the Indian States is a great handicap in the way of the natural growth of transport facilities which is so essential in the interests of the people and it is therefore very much desirable to have uniform regulations throughout the country including Indian States. The Committee need hardly reiterate that any successful administration of the scheme of compulsory insurance would depend largely on whether the Government of India are able to have similar regulations enforced and observed in respect of motor vehicles registered in Indian States.

The Committee trust that the above views will receive careful and sympathetic consideration at the hands of the Enquiry Committee.

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*Copy of letter No. K.-3 dated 16th December 1936, from the  
Secretary, Motor Vehicles Insurance Committee,  
to the Chamber.*

I am directed to acknowledge receipt of your letter No. 01932 dated the 14th December and to regret that it has not been possible for a representative of the Chamber to meet my Committee.

2. I am to state that there is nothing in the terms of reference to the Committee which leads it to assume that its enquiries shall be directed in the slightest degree towards the co-ordination of road and railway or towards the restriction of the development of motor traffic.



3. Sufficient information has been placed before the Committee to show that, roughly speaking, the annual incidence of fatal accidents to the number of motor vehicles on the road is one to a hundred, and that approximately 50% of these fatal accidents are due either to rash or negligent driving or to maintenance of vehicles in a defective condition.

4. The Committee would be glad of an expression of opinion from the Chamber as to whether this is not sufficient to cause alarm and whether in view of the fact that many of these accidents are caused by public vehicles, cheapness should be the only material consideration in the development of public road transport.

5. The Committee is further informed that private vehicles and goods lorries are equally to blame, and would therefore be glad to know if the Chamber still adheres to its opinion that such vehicles should be exempted from any regulations regarding compulsory insurance, unless there are very good reasons to the contrary.

6. The Committee would be glad to know the reason why the Chamber has taken the view that insurance against third party risks should not be for a sum greater than Rs. 1,000 especially in view of the fact that insurance for a larger sum would not cost a great deal more. It is presumed that the Chamber would be opposed to the enactment of legislation providing that in a suit for damages through injury arising out of a motor accident the maximum award should not exceed Rs. 1,000.

7. As regards the Chamber's opinion that insurance should only be effected with companies registered in India with a rupee capital and with a majority of Indian directors the Committee feels that apart from any provisions in the Government of India Act 1935, consideration of such a question is outside the scope of its enquiry.

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Letter No. 00295, dated 8th February 1937.

From the Chamber to the Secretary, Motor Vehicles  
Insurance Committee.

I am directed to refer to your letter dated the 16th December 1936, and to state below the views of the Committee of this Chamber on some of the points referred to by you.

With regard to your observation that there is nothing in the terms of reference which shows that the Enquiry of the Committee will be directed towards the co-ordination of Roads and Railways or towards the restriction of the development of motor transport, I have to state that the memorandum submitted by the Chamber while dwelling upon this subject, does not refer to any specific item of the terms of reference but to the aggregate effect which compulsory insurance of motor vehicles will have upon the development of motor transport. It is undeniable as pointed out in the memorandum, that compulsory insurance of motor vehicles, in addition to the number of taxes already levied, will remove the element of cheapness which goes a long way in making motor transport popular and adaptable to the means of the rural population in India.

As regards the second point that the annual incidence of fatal accidents to the number of motor vehicles on the road is about one to hundred and that 50% of these accidents are due to fast and negligent driving, I have to enquire as to the percentage of these, for which public motor vehicles are responsible, for, as you will appreciate, it is the public motor transport which will suffer most as a result of compulsory motor insurance. I may also suggest that more direct steps might be taken to check rash and negligent driving. Stricter test for the issue of licenses, heavy punishments for careless driving, speed limit, better standard of vehicles, or provision for traffic amenities may all prove useful in impeding the toll of accidents. I may further point out that whole-time officers to supervise and co-ordinate police measures for the control of traffic, as appointed by the Punjab Government may help to concentrate all efforts for the prevention of accidents.

I have also to point out that the statement in Para. (5) of your letter that "private vehicles and goods lorries are equally to blame" conflicts with the idea expressed by you in para. (4) that "many of these accidents are caused by public vehicles." The Chamber still holds that it is unnecessary to enforce compulsory motor insurance on private vehicles and lorries.

I have further to state that the recommendation in the memorandum that the maximum limit of insurance against third party risks should be not more than Rs. 1,000 was based on the average

condition of the people of India and also on the cost of insurance to the motor vehicles. If the latter does not exceed much, even if the insurance is for a larger sum, the Chamber would not like to oppose the suggestion for a higher limit of insurance than Rs. 1,000.

I hope your Committee will give careful consideration to the views mentioned above.

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ENHANCEMENT IN THE CLASSIFICATION OF GOODS.

*Copy of letter No. T.-97/XVII/13 dated 7th May 1936, from  
Indian Railway Conference Association to  
the Chamber.*

*Proposed enhancement of the class rates for certain commodities.*

I am directed to forward a list\* of articles the classification of which it is proposed shall be enhanced. The question will be discussed at the July (1936) Meeting of the Commercial Committee of the Indian Railway Conference Association and I shall be glad if you will favour me with the views of your Chamber thereon before 13th June 1936.

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Letter No. 674, dated 1st June 1936.

From the Chamber to the Indian Railway Conference Association.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to acknowledge receipt of your letter No. T.-97/XVII/13 dated 7th May 1936, forwarding a list of articles the classification of which, it is proposed, shall be enhanced.

The Committee are surprised to find that the proposal, at one stroke, involve 282 items and the proposed enhancement varies from 7% to as much as 79%. It involves all kinds of commodities including agricultural produce and daily necessities of the people.

The following commodities and the percentage increase in freights might be specially mentioned as examples :—

Agricultural Implements	...	...	10%
Carts	...	...	34%
Country Carts	...	...	48%
Fish	...	...	10%
Ghee	...	...	8%
Cocoanut oil etc.	...	...	16%
Milk	...	...	8%
Newspapers packed	...	...	79%
Petroleum	...	...	10%
Piecegoods	...	...	7%
Soap	...	...	19%
Spices	...	...	8%
Sugar candy	...	...	10%

The Committee would further give instances of similar proposed enhancements of the classification of articles used for manufacturing purposes and would point out that such enhancements cannot but have a very adverse effect on the industries of the country by reason of their being thereby placed at a disadvantage in competition with imported goods :—

Chlorides	...	...	10%
Colours, paints and Dyes	...	...	16% and 19%
Cyanides	...	...	7%
Electrical Appliances and Fittings	...	...	8% and 19%
Ferro Manganese and Ferro Phosphorus	...	...	48%
Gunnies	...	...	10%
Hides and skins	...	...	10%
Machinery	...	...	10%

The above-mentioned examples are given only as illustrations to show how ill-advised the Railways would be if they decide to adopt the suggestions for enhancement of classification; for, such enhancement would not only directly affect the masses both in their capacity as producers of agricultural commodities and as consumers, but would also place a handicap in the path of progress of Indian Industries.

In this connection the Committee would refer to the long-standing complaint of the Railway Administration that motor transport takes away a large volume of their own traffic. It is obvious that if Railway freight is further enhanced Motor Transport would be able to compete even more keenly and successfully than hitherto. The present conditions demand that Railway freight should be brought down, rather than increased, in order to attract traffic. If the Railways have been running at a loss or have been unable to make a contribution to the general revenues of the country, the obvious course on commercial principles would be to reduce the expenditure and make their working more efficient and not to discourage customers by making their services still more costly.

The Indian Chamber, along with other commercial bodies, is definitely of opinion that the Railways are top-heavy and extravagant in expenditure. No time should therefore be lost by the various railway administrations in putting their house in order by reducing expenditure and increasing efficiency. The Committee have to refer in this connection to the recommendation made by Sir Otto Niemeyer that a thorough-going overhaul of railway expenditure is vital for the solution of the whole financial problem of India. It is difficult for the Committee to understand how the Railways can propose to enhance the classification of goods in the face of these observations. In the circumstances the Committee have to protest emphatically against the proposed increase in classification and they trust that the Indian Railway Conference Association will not adopt these proposals.

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Letter No. 769, dated 22nd June 1936.

From the Chamber to the Indian Railway Conference Association.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to your letter No. T.-97/XVII/13 dated 7th May 1936 in regard to the proposal of increasing railway freight on nearly 300 commodities. The Committee of the Chamber have already expressed their opinion (as per their letter No. 674 dated 1st June 1936) that they are emphatically against the proposed increase in classification, as it would not only affect the

agriculturists but would also place a handicap in the path of progress of Indian industrialists.

In this connection, the Committee of the Chamber are emphatically of opinion that this question should be carefully considered by a Committee which should include representatives of business as well as agricultural interests for examining the position from the point of view of not only the railway revenue but also the effect such increase will have on agricultural and business communities.

The Committee would be glad to know at an early date the steps which the Indian Railway Conference Association propose to take in the matter.

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Letter No. 1621/1622, dated 8th October 1936.

From the Chamber to (1) The East Indian Railway,  
(2) The Eastern Bengal Railway.

*Enhancement of the classification of certain commodities.*

I am directed to refer to your Circular letter dated 23rd September 1936, inviting the views of the Chamber in regard to the proposals for enhancing the classification of several commodities, and state below the views of the Committee of the Chamber.

The Committee would at the outset like to refer to your remark that revisions in classification do not *ipso facto* imply revisions in the actual rates charged by a railway but merely imply an enhancement of the maximum permissible powers of charge which a Railway may or may not take advantage of according to circumstances. The Committee quite realise the force of this argument, but they may point out that though the present move to enhance the classification may not directly result in the enhancement of rates, it is certainly a step towards that and would make it easier for the Railways to increase rates, whenever they desire to do so. If there be no intention at all on the part of the Railway to increase the rates, the Committee are unable to understand the necessity of their securing the additional power to do so, which even though might not be taken advantage of by the Railways would necessarily create apprehensions in the minds of the commercial community about the Railway's desire to introduce higher freight. As a matter of fact,

however, the Committee feel that once the Railways got the power to increase the rates, it may not take much time for them to do so, and the Committee would refer you in this connection to para. 5 of your own letter which supports the above contention, as it is indicated therein that the Railway desire to give effect to the increased classification which has been sanctioned by the Railway Board in these five cases.

When the Indian Railway Conference Association invited the views of the commercial community in May last on the proposals to enhance the classification of certain commodities, the Committee of the Chamber had strongly protested against any enhancement of freight rates at the present juncture. The Committee also pointed out several commodities, the enhancement in the classification of which would produce a great setback in the industrial development of India and would also affect the masses in their capacity as consumers of the daily necessities of life. Although the Committee appreciate that in the Revised List forwarded by the East Indian Railway, some of the commodities specifically objected to by this Chamber are deleted, the Committee regret to note that there are yet several others in the list, the increase in the classification of which would be detrimental to trade and industries and the public alike.

In para 9 of your letter you have mentioned that it is partly with a view to remove the anomalies and defects in the existing classification that the enhancement in several items is proposed. The Committee feel, however, that in several cases the proposed enhancements, if carried out, would directly affect the indigenous industries concerned and would also affect adversely the Railway revenue as a result of the fall in traffic.

With these preliminary remarks, the Committee would now point out the items, to the increase in the classification of which they object. The Committee would first refer you to the list of the five items mentioned in para. 5 of your letter, the enhanced classification of which, as is stated, has already been sanctioned though not introduced.

*Piecegoods, Press-packed, etc.*—The E. I. Railway propose to increase the classification of piecegoods by 8%. The Committee need hardly say that this would be very much detrimental to the

Cotton Industry which is one of the most important industries in India and which is at present passing through a sad plight on account of foreign competition and the general trade depression. The recent reduction in the import duty by 5% on British cloth has further weakened the position of the Industry and the Committee therefore trust that the Railways would not place any fresh handicaps in the path of the Industry which is already suffering and they request the Railway that the proposal of increasing freight on piecegoods should be dropped.

*Sugar.*—The position as regards the Sugar Industry is also a peculiar one. As you are very well aware, it was not long ago that the Railways were approached by the Industry to reduce the existing high rates on sugar and they were good enough to realise the strength of the case and introduce special reduced rates for sugar. Sugar is mainly manufactured in the two provinces—the United Provinces and Bihar and has to be marketed over the whole length and breadth of India. The question of freight rates therefore is a very important one for the Industry and the Committee trust that the Railways would not introduce enhanced classification for this commodity.

Coming now to the general list of articles, the various commodities, the enhancement in the classification of which the Committee object, are given in groups below in order to avoid a repetition of arguments in each case. For the sake of easy reference, however, the numbers which the commodities bear in the list are given against each.

*Epsom Salt*, (108), *Alum* (13), *Alumino Ferric* (14) and *Sulphate of Alumina* (242).—The Committee consider that the rates of Railway freight for these articles are already high and the proposed increases in the same would materially affect the industries using these in large quantities. The Committee desire to point out that there exists at present a very keen competition in these items with the imported goods and the Indian Chemical industry using these articles, has not been able to secure the market in or near-about ports other than where this industry is established. It need hardly be said that if the Railway rates were not so high, the industry would have been able to grow much more than it has uptill now. Even the Indian Tariff Board in their report on the Heavy



Chemicals Industry, after a careful consideration of all the circumstances, stated that the Railway Finances should be subordinated to the wider interests of the country in its industrial development and that these items should therefore be charged at the minimum rate. In view of these remarks of the Tariff Board and in view of the fact that the existing rates of freight on these articles are already disproportionate to their costs, the Committee hope that the Railway would not tax the Industry further.

*Soap (225).*—The proposed increase is a particularly heavy one in this case, namely 19%. Soap industry has been comparatively of recent origin in India and it requires the help of the Railways by way of reduction in freight in order to further the development of the Industry. The Committee may also point out that any increase in the rates for Soap would raise the price of this article in the villages and would compel the rural population to fall back upon cheap substitutes. The Committee are therefore opposed to the enhancement in the classification of Soap.

*Tallow (247), Silicate of Soda (221), Rosin (208) and Hardened Oil (179).*—These materials are used in the Soap Industry and any increase in their freight would, the Committee feel, adversely affect the industry. The Committee are therefore opposed to the same.

*Disinfectant Liquids (100) and Creosote (82).*—The proposed increase is by 10% in both these cases. It is very unfair to increase the freight of such articles of great public utility. The rates of freight already in existence for these items are sufficiently so high that the poor public of this country can ill-afford to use them freely. Where diseases in epidemic forms have of late years become almost a daily occurrence even in the most interior parts of the country and where the majority of the people are apathetic, due to ignorance or dearth, to using such articles so important for public health, it is sheer unreason to cause an increase of their cost by adverse Railway policies. The introduction of a higher freight rate would also affect this industry and would in consequence bring down the Railway traffic.

*Chlorides (64-66) and Cyanides (86-97).*—The Committee feel that the proposed enhancement of classification of the various forms of chlorides and cyanides would raise the cost of production in the

case of several industries which are using these articles as basic products. The Committee are therefore opposed to the proposal.

*Colours, Paints and Dyes (78 and 79).*—These articles, as you are aware, are being issued in large quantities in many factories. Any increase in the freights for these commodities would therefore not only hit the particular industry manufacturing them but would also affect many others consuming the same. Moreover, colours and paints industry has to meet with intense foreign competition in the Indian market. The Committee are therefore surprised to see that instead of helping this industry, the Railway should propose to enhance its classification and particularly to such a large extent as 16% to 19%.

*Electrical Appliances and fittings: (104—195).*—The Committee are opposed to the increase in the classification of these articles also as it would adversely affect a growing industry.

*Hair Oils and Hair Preparations (135)—Rosin Oils (209-210).*—The Committee desire to point out that the Pharmaceutical Industry in India is only recently established and is still in a nascent stage and deserves all encouragement. The Committee are therefore opposed to any increase in the classification of these products, in the interests of the Industry, particularly to such a heavy increase of 16% as proposed by the Railways.

Without going into further details, the Committee may mention that they are also opposed to the increase on the following articles, as the same would directly or indirectly either affect the industrial development of the country, or would tax the poor people using the same as their daily necessities of life.

Biscuits, dog or forage (28)

Blotting paper in bales or bundles (33)

Boiler Cement (34)

Boiler Composition (34)

Cardamoms (44)

Cards for carding machine (45)

Carpets, or rugs, floor (46)

Castor Oil in bottles (58)

Coir rope, string or yarn (77)

Dates (98)

Eucalyptus oil in bottles (109)

Fans made of matting, leaves or canvas—Includes Pull pankas (110)

Fibrous materials for paper making, machine pressed hand or power  
(113)

Fibrous materials for paper making, unpressed W/200 B.G., W/100  
M.G. or N.G. (115)

Fibrous materials for paper making unpressed (114)

Gunnies—Includes Gunny bags, etc., (134)

Leather N.O.C. (154)

Machinery other than electrical—Includes Boilers, N.O.C. etc., (160)

Mechanical fans (165)

Metal cutting or drilling compounds (166)

Packing made of greased jute, hemp or flax, for pipe joints or  
pump glands (181)

Paint thinners (183)

Paper N. O. C. in bales or bundles (184)

Paper in rolls, protected at the ends sides (185)

Piecegoods, cotton, woollen or artificial silk, not press-packed in  
boxes or cases. Includes—bookbinding cloth, etc. (196)

Rope, manilla (206)

Sugarcandy (241)

Woodpulp (281)

Shuttles (Item No. 6 of the List II)

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BILL TO AMEND THE INDIAN RAILWAYS ACT, 1890.

*Copy of letter No. 42-91 T.R. dated 8th June 1936, from the  
Secretary to the Government of Bengal  
to the Chamber.*

*A Bill further to amend the Indian Railways Act,  
1890, for certain purposes.*

I am directed to forward herewith\* a copy of the above-noted Bill and to request you to be so good as to furnish this Government with your views on the same by the 10th July 1936 at the latest.

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Letter No. 798, dated 29th June 1936.

From the Chamber to the Secretary to the Government of Bengal.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to acknowledge receipt of your letter No. 42-91 T.R. dated 8th June 1936 forwarding therewith a copy of the Bill further to amend the Indian Railways Act, 1890 and inviting the views of the Chamber thereon.

At the outset, the Committee of the Chamber desire to state that they are in agreement with the principle of the Bill, whose main object is to permit of more effective and deterrent action being taken than is possible under the existing law, when persons are found travelling by railway without a proper ticket. However, the Committee wish to make the following suggestions in regard to the various clauses in the Bill.

*Clause 2.*—The Committee consider that the word “may” in the proposed section 68(2) should be substituted by the word “shall”. The Committee are of the opinion that if the granting of a certificate to a passenger referred to in the Clause is left to the discretion of the Guard or other railway servant, he may not grant a certificate. It should be further remembered that when a person has no time to buy a ticket, it is because for some reason or the other, he is late in coming to the station, and there may be no time for the Railway servant to grant a written certificate. The Committee consider that the practice of obtaining verbal permission should not,

therefore, be abandoned. The Committee are also of the opinion that verbal as opposed to written permission has not encouraged ticketless travel. In the circumstances, the Committee do not see any reason why the proposed amendment should be made to Section 68 of the existing Act.

*Clause 3.*—The Committee consider that the imprisonment of two months provided for in the proposed section 112 (1) and (2) is too severe a penalty and they suggest that it should be simple imprisonment not exceeding three days. The Committee believe that mere mention of imprisonment in the Section should be a sufficient check against ticketless travel.

*Clause 4.*—The Committee consider that this Clause is not justified for reasons mentioned in connection with the Clause 2 above. This clause should therefore, be deleted.

The Committee trust that the above suggestions will be carefully considered both by the Government of Bengal and the Government of India before final action is taken in the matter.

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*Copy of letter No. 3743/92-R dated the 26th October 1936, from the Government of Bengal, Public Works Department, Railway to the Chamber.*

*The Indian Railways (Amendment) Bill.*

With reference to the Debates of the Legislative Assembly of the 3rd September 1936, I am directed to forward herewith\* copies of the papers noted on the margin and to request that you will favour Government with an expression of your opinion (after consulting public opinion in your district) on the provisions of the Bill by the 30th November 1936 at the latest.

1. Bill, as introduced, with Statement of Objects and Reasons
2. Extract from the Legislative Assembly Debates dated the 31st August and 1st, 2nd and 3rd September 1936 regarding the Bill.

## EXECUTION OF RISK NOTE FORMS FOR RAILWAY CONSIGNMENTS.

Letter No. 1432, dated 21st September 1936.

From the Chamber to the Government of India, Railway  
Department, (Railway Board), Simla.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta has been drawn to considerable difficulties experienced by consignors in connection with the execution of Risk Note Forms. The Committee understand that in order to take advantage of low rates of freight, dealers usually get their goods consigned at Owners' Risk rates under which they have to execute Risk Note Form "B", thereby absolving the railways of liabilities for losses arising out of leakage and breakage in transit. The Committee are also informed that the station authorities are not satisfied with the execution of Risk Note "B" only, but they compel the parties in most cases of consignments booked at Owners' Risk to execute Risk Notes Form "A" also, whereby the consignors expressly admit in writing that the packages tendered for despatch are in bad condition and/or so defectively packed as to be liable to damage, leakage or wastage in transit. The Committee understand that great injustice is being done to consignors in this matter as the station authorities are the sole judges as to whether the consignors should be asked to execute Risk Note Form "A", and although the execution of this Risk Note might not be necessary looking to the packing condition, etc., protests made by parties are hardly of any avail and they have to agree to the decisions of Railway Authorities, as otherwise consignments would not be accepted for despatch. As an example, the Committee might mention the case of paints. In the paint trade different modes of packing are used for different kinds of paint, according to their consistency. Thus while the ready mixed paints are packed in drums, stiff paints are packed in kegs. The Railway authorities, however, sometimes object to the despatching of moist paints in kegs and insist on Risk Note Form "A" being executed, their only contention being that, as in the case of drums in which ready-mixed paints are filled, the lids are not soldered, though it is apparent that this is not necessary in the case of stiff paints at all.

In this connection, the Committee may also point out that goods are despatched at Owners' Risk as consignees wish to avail of special reduced rates and consequently the liabilities for leakages

and breakages in transit are shouldered by the consignees themselves. But when the consignors are compelled to execute Risk Note Form "A" along with Form "B", thereby admitting that the consignment is liable to damage, leakage and wastage in transit, the consignees usually look to the consignors for making good the losses in transit and bills are not paid unless satisfactory allowance is made. Thus by executing Risk Note "A", consignors have to shoulder unnecessary losses and the Committee request the Railway Board to take adequate measures to relieve the consignors in this respect. The Committee would suggest that Railways should make some suitable arrangements at stations of despatch in order to determine without any loss of time whether or not in respect of any consignment the consignor should execute Risk Note Form "A".

The Committee will feel grateful if the Railway Board will kindly give their careful consideration to the above suggestion with a view to relieve consignors of unnecessary trouble and losses. The Committee would request you to let them know at an early date the steps which the Railway Board propose to take in the matter.

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*Copy of letter No. 488-T, dated 12th October 1936, from the Government of India, Railway Department, (Railway Board) to the Chamber.*

*Railway Risk Note Forms.*

With reference to your letter No. 01432 dated the 21st September 1936, I am directed to state that the Railway Board have already drawn the attention of Railways to the desirability of their taking action to ensure that Risk Note Form "A" is not demanded without reasonable justification; and, in this connection, I am to enclose for the information of your Committee, an extract of paragraphs 1 and 2 of the Railway Board's letter No. 488-T., dated the 25th October 1933, to the address of all Railway Administrations.

2. In regard to the specific case of "paint", I am to say that, as it is presumed this has reference to consignments despatched from stations in the Calcutta area, a copy of your letter under reference is being forwarded to the Agents of the Bengal Nagpur, Eastern Bengal and East Indian Railways, with a view to their taking such action as circumstances call for.

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*Extract of paragraphs 1 and 2 of the Railway Board's letter No. 488-T., dated the 25th October, 1933 to the Agents, Class I, II and III Railways.*

*Railway Risk Note Form "A".*

I am directed to say that representations from various commercial bodies have recently been received complaining that for many commodities (raw cotton being specially named) no packing conditions are prescribed by Railways and it is, therefore, left to the discretion of the subordinate railway staff to decide whether goods are adequately packed or not. It is represented that, in consequence, risk notes in Form A are demanded for trivial reasons and that, under cover of these Risk Notes, Railways "repudiate claims for damages arising from causes such as oil, water or coal dust which would have damaged the consignment in any case."

2. The Board feel confident that Railway Administrations concur with them in thinking that any action which may be practicable should be taken to prevent abuse of Risk Note Form A and I am to suggest that the following special steps should be taken in that direction:—

- (1) To make periodical examinations as to whether Risk Note Form A is being demanded by the staff without sufficient cause.
  - (2) To consider what other action might suitably be taken to ensure that this Risk Note is not demanded without sufficient cause.
  - (3) To issue special instructions to the staff to guide them in demanding risk notes for commodities for which special packing conditions are not laid down.
  - (4) To review the policy which is adopted in dealing with claims on traffic carried under Risk Note Form A, *i.e.*, whether such claims are repudiated automatically, or whether enquiries are made to ascertain if the loss or damage complained of was actually due to the inadequacy of the packing as described in the risk note.
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Letters Nos. 1780—1782, dated 12th November 1936.

From the Chamber to the East Indian Railway, Eastern Bengal  
Railway, and Bengal Nagpur Railway.

I enclose herewith copy of correspondence passed between the Committee and the Railway Board re: Railway Risk Note Forms. As you will perceive, the Committee have drawn attention of the Board to considerable difficulties consignors have to experience, in connection with the execution of Risk Note Forms. The Railway Board in their reply have referred the Committee to the Board's circular No. 488-T., dated the 25th October 1933, to the Agents of Class I, II & III Railways. The Board, as you will perceive, recommend, *inter alia*, periodical examination as to whether Risk Note Form A is being demanded by the staff without sufficient cause and also issuing of special instructions to the staff to guide them in demanding risk notes for commodities for which special packing conditions are not laid down. The Committee regret to note that notwithstanding these instructions, numerous cases occur in which Risk Note Form A is demanded in addition to Risk Note Form B, on trivial pretexts. The instance of paint, as mentioned by the Committee in their letter to the Railway Board (copy enclosed herewith) is a case in view. The subordinate station staff seem to be completely ignoring any instructions in the matter, that may have been issued.

The Committee cannot too much emphasise the difficulties which consignors have to face, when sending goods under risk note form B at Owners' Risk at the express desire of the consignees, they are forced to execute Risk Note Form A also and, admitting thereby that the consignment is liable to wastage, damage or leaks are made to pay for the loss, which otherwise would have been shouldered by the consignees themselves.

The Committee would therefore be glad to be enlightened as to what action has been taken by you on the circular issued by the Railway Board. They would also request you to give your careful consideration to the whole matter and see that the instructions issued about not demanding Risk Note Form A without sufficient cause, are strictly enforced.

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*Copy of letter No. C.-21823 dated 21st November 1936, from the Bengal Nagpur Railway to the Chamber.*

*Excution of Risk Note Form 'A'.*

In reply to your letter No. 01782 dated the 12th instant, I enclose herewith,\* for the information of members of your Chamber, copies of :—

(a) my letter No. C-22287/29/16 dated 11th December 1934 to the Secretary, Railway Board,

and (b) Standing Order No. 283 as published for the information of our staff concerned in this Railway's Weekly Gazette No. 49 dated 9th December 1933.

2. These enclosures clearly indicate the action taken by this administration on the subject matter of the Railway Board's Circular letter No. 488-T dated 25th October 1933. By way of explanation I may add that the special instructions detailed in the Memoranda dated the 18th February 1928 and 26th May 1930 (referred to in item (3) paragraph 2 of my letter to the Railway Board—copy enclosed) have been republished as part of this Railway's Gazette Notification, copy also enclosed.\*

3. Having regard to the argument advanced in the penultimate paragraph of your letter to which I am now replying I am requesting our Commercial Traffic Manager to have the enclosed Notification re-printed and published from time to time in future issues of our Weekly Gazette in order that the importance attaching to the whole question may be kept prominently before our Station Staff.

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*Copy of letter No. 822 C/2 dated 6th November 1936, from the Eastern Bengal Railway to the Chamber.*

*Railway Risk Note form 'A'.*

In forwarding herewith\* for your information a copy of reply sent by this Railway to the Secretary, Railway Board, I have to inform you that periodical examinations are made at stations to see

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\* Not printed.

that the staff are not demanding Risk Note in form 'A' without sufficient reason.

This administration would be pleased if, when the occasion arose, the consignor would make a direct representation by letter to the Traffic Manager or by telephone (Regent 380 or 369) when each would receive immediate attention.

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*Copy of letter No.  $\frac{CC/Index}{884/36}$  dated 8th December 1936, from the*

*East Indian Railway to the Chamber.*

*Execution of Risk Notes in Form 'A'.*

Your letter No. 01780 dated 12th November 1936.

1. I beg to state that this Railway has always taken and continues to take precautions to prevent the misuse of Risk Note in Form 'A'. Strict instructions have been issued that Risk Notes in Form 'A' are to be demanded only when actually necessary and various notifications emphasizing this have been issued from time to time.

2. I beg to enclose\* for the ready reference of your Chamber, copies of the more recent instructions in this connection which have been disseminated and these will afford an idea of some of the steps taken to bring about improvement where necessary.—

(a) A copy of this Railway's Gazette Notification on the subject dated 11th July 1937.

(b) A copy of a letter dated 20th February 1935, to all Divisional Superintendents.

(c) A copy of a typical Circular issued by Divisional Superintendents to stations, Traffic Inspectors and Goods Inspectors on each Division.

(d) A copy of a Corrigendum Slip to the Standing Orders of the Railways dated 13th October 1936.

3. In regard to the specific commodity referred to by you *viz.*, the case of paints, I beg to remark that the Divisional Superintendent, Howrah, assures me that it is the general practice not to demand Risk Notes in Form 'A' when containers are considered sufficiently strong and that the form is only demanded when a consignment of stiff paints in kegs which may have left consignor's godown in good condition but is tendered with the staves of the kegs broken or their lids loose due, presumably to rough handling at the time of unloading preparatory to despatch by railway. The Divisional Superintendent, Howrah, further contends that cases of actual execution of Risk Note Form 'A' in regard to stiff paints in kegs are few and far between.

4. In the circumstances I feel sure that your Chamber will appreciate that suitable action is being taken by this Railway to implement the instructions issued by the Railway Board, as referred to by your Chamber.

5. I beg to remark, however, that it would further assist the railway in their endeavours to put a stop to any individual cases where Risk Notes in Form 'A' may possibly be unnecessarily demanded by the staff, if the members of your Chamber could be invited to promptly furnish the Divisional Superintendent, Howrah or this office with specific cases of complaint on this score for immediate investigation, or better still, in the case of fairly wide-spread cause for complaint, in regard to particular commodities. I am even prepared in the event of individual members of your Chamber bringing specific instances to notice, before consignments are despatched, to depute a senior Officer to personally inspect such consignments in the presence of suitable representatives of members of your Chamber so as to afford every opportunity of arriving at a satisfactory decision.

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PILFERAGE OF GOODS IN TRANSIT.

Letter No. 1378, dated 16th September 1936.

From the Chamber to the Bengal and North Western  
Railway Co., Ltd., Gorakhpur.

*Pilferage of goods in transit.*

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn by the Pioneer Match Factory,

member of this Chamber, to several cases of pilferage and stealth of goods in transit over your Railway line. The Committee very much regret that in spite of repeated representations made by the Match Factory to the Railway not only have the latter refused to entertain the claims on one ground or the other, but have also taken no steps to prevent the occurrence of such cases in the future. The Committee understand that the Pioneer Match Factory brought several cases of shortage in consignments (as per details given in the enclosed note) to your notice, but inspite of the fact that open delivery was given in all these cases and the shortages noted in Railway books, the Railway has refused to entertain the claims, by referring to Risk Note Form D. The Committee realise that the execution of Risk Note Form "D" absolves the Railway from the liability for losses in transit, but it does not mean that Railways should not take adequate steps for preventing such losses due to thefts in transit. Besides the cases above referred to, it is pointed out that there are a number of instances in which consignments were delivered in tact but on opening them shortages were discovered. The Committee wonder whether these renewing shortages are the work of any gang of professional thieves.

Under the circumstances the Committee are strongly of opinion that the Railway should take early steps to improve their Watch & Ward Department in order to ensure a stricter inspection and to bring to book the miscreants. In any case, the Committee would request the Railway Authorities to look into the question very carefully and take necessary steps with a view to remove the grievances of consignors. I should be glad if you will kindly let me know at an early date the measures that the Railway propose to adopt in order to prevent the recurrences of pilferage and stealth in future.

1. 10 cases of Safety Matches from Howrah to Muzaffarpur under Inv. No. 1103 R/R No. C-235 dated 1st November 1935. Shortage turned out 12½ gross.
2. 2 cases Safety Matches from Howrah to Muzaffarpur. Inv. No. 2523 R/R No. 001382 dated 26th December 1935. Shortage turned out 6 gross.
3. 1 case safety matches from Howrah to Narkatiaganj under Inv. No. 390 R/R A 001511 dated 31st December 1935. Shortage turned out 9 gross.

4. 5 cases safety matches from Howrah to Muzaffarpur. Inv. No. 918 R/R No. A-009266 dated 2nd May 1936. Shortage turned out 10 gross 8 dozen.
5. 3 cases safety matches from Howrah to Muzaffarpur. Inv. No. 1351 R/R No. 10840 dated 20th May 1936. Shortage found 10 gross.
6. One case safety matches despatched from Howrah to Sitamarhi under R/R No. 10950 dated 22nd May 1936 Shortage found 11 gross.

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*Copy of letter No. —  $\frac{10/08}{T/8-3}$  dated 30th September 1936, from the  
B. & N. W. Railway, to the Chamber.  
Pilferage of goods in transit.*

I forward herewith a copy of our Traffic Manager's letter No. C.P.-208 dated 28th September 1936 for information with reference to your letter dated 16th September 1936.

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*Copy of letter No. C.P.-208 dated 26/28th September 1936, from  
the Traffic Manager, B. & N. W. Railway, Gorakhpur to the  
Agent, B. & N. W. Railway, Gorakhpur.*

*Pilferage of goods in transit.*

Reference your endorsement No. 9571 of 21st September 1936, I beg to report that complaints of this nature have been received by me and special instructions have been issued to the staff to watch these consignments to ensure safe handling at transshipment points. The Police have also been asked to investigate these shortages as it is extremely difficult to locate them. The Chamber of Commerce is incorrect when they mention that no steps have been taken by this Railway to prevent the alleged pilferages.

It is, however, correct that claims in these cases have been repudiated, but on the grounds of the consignments having been booked under risk note "D", which were executed owing to the packing conditions laid down by the Railways not being fulfilled. Investigations showed no negligence on the part of the Railway staff.

With regard to the last sentences of para 1 of the Chamber of Commerce letter, I am of the opinion that this is a matter for the consignees to settle with the senders. The consignments were delivered in the condition in which they were booked, and, as such, no responsibility rests with the Railway.

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RATE OF PIECE-GOODS FROM HOWRAH TO BOMBAY.

*Copy of letter No. R.A.:41/457 No. 1 dated the 17th November 1936, from the Commercial Traffic Manager, B. N. Railway, to the Chamber.*

*Rates for Piece-goods from Calcutta to Bombay.*

Various interests have for some time past been pressing the Railways concerned to introduce reduced rates for Piece-goods from Calcutta to Bombay on the same level as the existing special rate for Piece-goods from Bombay to Calcutta.

The special rate for Piece-goods from Bombay to Calcutta is a reduced rate which, the Railways concerned have been forced to quote in competition with the sea route from Bombay to Calcutta, as a large volume of traffic moves by sea between these points.

The traffic in Piece-goods from Calcutta to Bombay is comparatively insignificant, and in view of the fact that the trade is not at present taking advantage of the lower sea freight available from Calcutta to Bombay, which is availed of to a large extent in the reverse direction, it does not appear likely that there would be an appreciable development in the traffic which would be conducive to the Railways to compete for and which would compensate them for the loss of earnings on the existing small amount of traffic which at present moves by rail from Calcutta to Bombay in spite of lower rates by the sea route.

So far no case has been made out by those who have been pressing the Railways to introduce reduced rates for Piece-goods from Calcutta to Bombay. It has, however, been suggested that traffic would increase appreciably.

In view of the loss of earnings to the Railways concerned which would result from a reduction in the rate unless an increase in traffic

occurred to an extent which would compensate for the loss of earnings on existing traffic by a reduction in the rate, I should be glad to know whether your Chamber could give any guarantee of an increase in the traffic and approximately to what extent.

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Letter No. 1883, dated 1st December 1936.

From the Chamber to the Commercial Traffic Manager,  
B. N. Railway, Kidderpore.

I am directed to acknowledge the receipt of your letter dated the 17th November 1936 re: proposal to reduce the rates of piece-goods from Calcutta to Bombay and to state that the Committee do not find themselves in a position to give any guarantee for an increase in traffic of piece-goods from Calcutta to Bombay, as suggested by you.

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*Copy of letter No. Pub.-2/6 No. 14 dated 19th January 1937, from  
the Bengal Nagpur Railway to the Chamber.*

*Poster: "Port to Port Rates."*

I have pleasure in sending you herewith 2 copies of the revised poster\* re: "Port to Port Rates, and should be obliged if you could please arrange for them to be exhibited in the Chamber's Committee Room for the information of members.

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FREIGHT RATE FOR GRAIN AND SEEDS FROM U. P. TO HOWRAH  
ON THE E. I. RAILWAY.

Letter No. 1789, dated 12th November 1936.

From the Chamber to the East Indian Railway, Calcutta.

It has been brought to the notice of the Committee that the freight rates for grains and seeds from U. P. to Howrah per E. I. Railway are the same for retail as well as wagon loads. The Committee understand that some time before, when there used to be such a difference between the freights for retail and wagon loads,

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the merchants at Calcutta used to get large quantities of grain and seeds from U. P. and there was consequently a considerable business going on in these commodities, which resulted in benefit to the U. P. agriculturists, the merchants and the Railway as well. Since, however, these rates for retail as well as wagon loads have been equalised, the merchants, as the Committee understand, have diverted their attention to stations on the B. N. Railway and the N. W. Railway which quote a lower rate for wagon loads and even to a distant place like Karachi to get the benefit of a lower rate by sea. Due to this, as the Committee are informed, demand for grains and seeds in the U. P. Markets has dwindled and the trade in these commodities has declined.

The Committee would therefore like to emphasise that a concessional rate for wagon loads, say of 400 maunds, would tend to increase the demand from Calcutta merchants for U. P. grains and seeds and an increased traffic in these commodities would result. In view of the mutual benefit that the agriculturists, the merchants as well as the Railway will derive from it, the Committee hope that you will kindly give your careful consideration to the matter and reduce the rate for wagon loads of grains and seeds from markets in U. P. to Howrah.

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*Copy of letter No. CR/2-G., dated 26th November 1936, from the Chief Commercial Manager, (G), East Indian Railway to the Chamber.*

*Rates for Grains and Seeds from U. P. to Howrah.*

Your No. 01789 of 12th November 1936.

The matter has been considered but I regret my inability to entertain the proposal as apart from other considerations, it would involve Railway revenues in a large loss.

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CONTRACTS FOR CATERING ARRANGEMENTS FOR 3RD CLASS  
PASSENGERS ON THE B. N. RAILWAY.

Letter No. 1997 dated 28th December 1936.

From the Chamber to the Bengal Nagpur Railway.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to refer to the correspondence they had with

you in March 1935 regarding contracts for foodstuffs for III class passengers on the B. N. Railway. The Committee had drawn attention to the memorandum submitted by the Agent on 14th November 1934 to the members of the Advisory Committee which formed part of the discussion at the 76th Meeting of the Calcutta Advisory Committee, in clause 8 of which it was stated that,

“Contractors were originally appointed through the medium of advertising. Renewals of contract are awarded on merit or, if a change is decided upon, by advertising.”

The Committee were also given to understand that the contract for ice and aerated water supply was taken away from one contractor and placed with another without advertising only because the Commercial Traffic Manager thought that the best arrangement was to hand over this additional work of selling ice and aerated waters to one of the eight contractors for sweet-meats, who was most conveniently situated to the source of supply.

The Committee now understand that several instances have occurred which involve a breach of the principle laid down in clause 8 as referred to above. The contract for Bilaspur and Raipur sections given since April 1936 and that for the Nainpur section, are cases in view. These instances go to show that the Railway administration have not acted up to the principles enunciated by them. Such action on the part of the Railway hardly inspires confidence in the commercial community and the Committee hope that you will reassure them that the principle agreed upon would always be observed in future.

An early reply is requested.

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*Copy of letter No. C.-3694 dated the 20th February 1937, from the Agent, Bengal-Nagpur Railway, Kidderpore to the Secretary, Indian Chamber of Commerce, Calcutta.*

*Contracts for food stuffs for 3rd class passengers.*

In continuation of this office letter No. C.-1274 dated the 16th ultimo, and in further reply to your letter No. 01997, dated the 28th December 1936, the position in regard to the award of our

Catering contracts in brief is that the arrangements made are those considered by this Administration to be best calculated to provide an efficient service to the public. If at any time it is felt that our Catering service can be further improved by advertising with a view to the award of contracts to other than the present Catering contractors, this Administration will not hesitate to adopt such a course.

I am not, however, prepared to agree to our Commercial Traffic Manager or Superintendent Catering, having recourse to advertising for the services of Catering contractors as a matter of routine procedure merely because such a practice may have been followed in the past. In considering the system of advertising I presume you also have in mind the possibility that it may mean frequent changes. You must agree that this will militate against efficiency.

If the railway gets a good contractor who gives efficient service, I can see no reason why we should run the risk of losing him.

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#### RAILWAY ENQUIRY COMMITTEE.

Telegram dated 26th October 1936.

From the Chamber to the Government of India, Railway Department (Railway Board), New Delhi.

Committee Indian Chamber Calcutta greatly disappointed at the announcement re: personnel and terms of reference of the Railway Enquiry Committee. Indian Commercial opinion all along feeling that railways not working efficiently and rates and fares have been high in relation to prices of commodities. It demanded thorough going enquiry into the whole question of railway finance with particular reference to conditions of Indian trade and traffic which presumes intimate knowledge of Indian conditions. Committee greatly regret however that enquiry committee does not include a single Indian and terms of reference also restricted. Committee earnestly hope Government will even now repair omission and Associate Indians with the enquiry and also widen terms of reference which alone would reassure mercantile community of usefulness and success of the enquiry.

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Letter No. 1718, dated 28th October 1936.

From the Chamber to the Government of India, Railway  
Department, (Railway Board), New Delhi.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to refer you to the communique issued by your Government on the 19th October, with regard to the appointment of the Railway Enquiry Committee and its terms of reference. The question of a through-going enquiry into Railway Finance with a view to place Railway management on a sound and economic basis is a matter of vital importance not only to the commercial community but to the country as a whole, and Indian Commercial Organisations have all along been urging the necessity of the appointment of an Enquiry Committee. This question was also discussed by the Committee of this Chamber in July last with Sir Guthrie Russell and Mr. P. R. Rau, the Chief and Financial Commissioners of Railways when they were on a visit to Calcutta and the President of the Chamber had pointed out the desirability of the appointment of an independent and impartial Committee consisting of prominent representatives of the Indian commercial community to investigate thoroughly into the matter of Railway Finance and recommend all possible avenues of economy, reduction in expenditure and increase in efficiency. It was also pointed out that this Committee would also go into the question of a thorough revision of freight rates with a view to conform them to the general fall in the price of commodities.

The Committee of the Chamber are, however, surprised at the recent announcement both as regards the personnel and the terms of reference of the Railway Enquiry Committee and they very much regret that in both these matters the announcement of the Government of India falls far short of the expectations of the commercial community and is very disappointing. The Indian mercantile community have all along been of the opinion that the failure of the Railways to contribute to the general finances of the country and the continued deficits that they have been experiencing are the results of inefficient working and that due consideration has not been given so far to the needs of the mercantile community in fixing rates and fares which are generally too high in relation to the value of commodities, and the income of the people of this

country. They strongly feel that increased efficiency will tend to lower the cost of the service and would not only make it possible for the Railways to bring their freights and fares in line with the requirements of trade and traffic but would also enable them to make a contribution to the general revenues of the country. The Committee, however, feel that it would hardly be possible for the Railway Enquiry Committee, composed as it is, of an entirely British Personnel, to go thoroughly into the important question of the revision of freight and fares with special reference to the trade requirements of the country. The inclusion of expert Indians on such an Enquiry Committee has all along been stressed by the Indian commercial community and the Committee are of the opinion that the present action of the Government in not including any Indians on the Railway Enquiry Committee would hardly inspire confidence.

This apprehension is all the more strengthened by the fact that the terms of reference of the Committee are very narrow and do not admit of a thorough-going inquiry into the most important question of the adjustment of Railway freights and fares. It is regrettable that the almost unanimous Indian public and commercial opinion has been flouted by the Government in this matter. The Committee need hardly emphasize that if the Enquiry is to be a success, it must command the confidence of the Indian commercial community, and the Committee earnestly hope that even now the Government of India will undo the wrong and not only associate prominent Indians with the Enquiry Committee who may be able to command the confidence and respect of the mercantile community but will also widen the terms of reference so as to include a thorough-going enquiry into Railway Finance.

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*Copy of letter No. 375 A-Secy. dated 3rd November 1936, from the Government of India, Railway Department (Railway Board), to the Chamber.*

With reference to your telegram of 22nd and letter No. 01718 dated 28th October 1936, expressing disappointment at the composition of the recently appointed Railway Enquiry Committee and the terms of reference framed for their enquiry, I am asked to explain

that the Government of India gave these matters their most careful consideration before reaching a decision.

2. The Government of India were convinced of the need of appointing to this Committee acknowledged railway experts and deliberately selected these from other parts of the Empire to ensure that the conduct of the enquiry should, as far as possible, be free from any tendentious character..

3. I am to add that it is understood that Sir Ralph Wedwood intends to visit the principal cities and towns in India in order to consult Local Governments and prominent commercial bodies. He has so far not issued his tour programme but there is little doubt that your Chamber will be given full opportunities of expressing their views when his Committee visits Calcutta.

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*Copy of letter No. Rec-IX-II dated 14th November 1936, from the Secretary, Railway Enquiry Committee, to the Chamber.*

*Railway Enquiry Committee.*

I am directed to inform you that the Railway Enquiry Committee, presided over by Sir Ralph Wedwood, is expected to visit Calcutta from 4th to 16th January 1937.

I am to ask whether your Chamber desire to place their views before the Committee. If so, I am to suggest that it would facilitate the Committee's work if you could prepare for the Committee a memorandum of points your Chamber would wish the Committee to consider.

I am to state that the detailed programme of engagements for the Committee in each city has not yet been drawn up, but as soon as it is known, I will address you further, and arrange with you a suitable time and date on which your representatives can be accorded an interview by the Committee. The place where the Committee will hold their meetings will also be communicated to you.

A copy of the Terms of Reference is enclosed for ready reference—

I am to request an acknowledgment of this letter.

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*Copy of letter No. REC/IX/II dated 2nd December 1936, from the Secretary, Railway Enquiry Committee, to the Chamber.*

*Railway Enquiry Committee.*

Further to my letter No. REC/IX/II of 14th November 1936, I am directed to inform you that the above Committee will hold their meetings in the Committee Room in the East Indian Railway Administrative Offices, Fairlie Place, Calcutta. I am to ask whether 3 P.M. on Wednesday 13th January 1937, would be a suitable time and date for the Chamber's representatives to meet the Committee there. I am to add that an early reply would be appreciated to enable the Committee to arrange their other engagements in Calcutta.

I am to add that the Committee will be in Bombay from 7th to 14th December 1936 and in Madras from 16th to 22nd December 1936. A reply to this letter may therefore be kindly forwarded direct to the Railway Enquiry Committee, c/o Agent G. I. P. Railway, Bombay, or Agent, M. & S. M. Railway, Madras.

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Letter No. 1933, dated 14th December 1936.

From the Chamber to the Secretary, Railway Enquiry Committee.

I am directed to acknowledge with thanks the receipt of your letter dated the 2nd December 1936, and to state that Messrs. G. L. Mehta and A. L. Ojha will represent the Chamber and meet the Enquiry Committee. I am, however, to state that Wednesday the 13th January, being inconvenient to them, owing to other engagements, I shall be obliged if you will kindly fix the interview either on the morning of the 12th January or at any time on the 14th January 1937.

An early reply is solicited.

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*Copy of letter No. REC/IX/II dated 17th December 1936, from the Government of India, Railway Enquiry Committee (1936-37) to the Chamber.*

I am directed to thank you for your letter No. 01933 of 14th December 1936, and to say that 3 P.M. on 14th January 1937 would

be a convenient time for your representatives to meet the Railway Enquiry Committee, and I should be much obliged if you would confirm this.

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Letter No. 1958, dated 21st December 1936.

From the Chamber to the Railway Enquiry Committee.

*Your letter No. REC/IX/II dated 17th December 1936.*

I beg to confirm that 3 P.M. on Thursday the 14th January 1937, would be a convenient time for our representatives to meet the Railway Enquiry Committee.

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Letter No. 7 dated 2nd January 1937.

From the Chamber to the Railway Enquiry Committee.

In continuation of my letter dated the 21st December 1936, I am directed to inform you that Mr. D. P. Khaitan will also meet the Railway Enquiry Committee on behalf of this Chamber on Thursday the 14th January 1937 at 3 P.M.

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#### PACKING CONDITIONS OF BALES OF PIECE-GOODS.

*Copy of letter No. T-97/XVII/20 dated 1st June 1936, from the Indian Railway Conference Association to the Chamber.*

*Packing conditions for bales of piece-goods.*

In continuation of this office letter No. T-97/XVII/19 dated 30th May 1936, I am directed to forward\* for your information particulars of an additional subject which will be discussed at the July (1936) Meeting of the Commercial Committee and request you to favour me with the views of your Chamber thereon before 20th June 1936.

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Letter No. 730, dated 12th June 1936.

From the Chamber to the Indian Railway Conference Association.

I beg to acknowledge receipt of your letter No. T.97/XVII/20 dated 1st June, 1936 and to forward to you herewith the views of the Committee of the Indian Chamber of Commerce, Calcutta re: Packing conditions for bales of piecegoods. The Committee of the Chammmber feel that it is very desirable that uniform rules should be made applicable to all the Railways in regard to the definition of the term "Press-Packed" in case of bales of piecegoods. It should also be expressly provided that all 'Mill-Packed' goods will be interpreted as 'Press-Packed'. The question therefore only remains in regard to 'Bazar-Packed' goods. It is desirable to have uniform interpretation which will not in any way reduce the present position to the disadvantage of the public. The Committee feel that laying down a minimum weight for cubic foot will not be desirable because there will be different weights for different kinds of goods. The Committee suggest that for through-booking the following definition of 'bazar-packed' bales which is given in the Goods Tariff, Part I is satisfactory and should be adopted on all the Railways :—

"Consignments of bazar-packed bales of piece-goods, cotton, woollen, silk or artificial silk, are accepted at railway risk, only when the following conditions are fully complied with :—

- (a) Bazar-packed bales of piece-goods, irrespective of size or weight, must be tightly secured with iron bands and the space between the edges of such iron bands must not exceed 5 inches in width. These iron bands will be secured in two directions round the bales, namely, lengthwise and breadthwise.
- (b) The outer gunny covering of the bale must be securely stitched.
- (c) Each bale must have the name of consignee and the station of destination clearly painted on it."

The Committee trust that you will give this matter your careful consideration.

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PROPOSAL FOR INCREASED REBATES ON COAL FOR EXPORT, SURCHARGE  
ON BUNKER COAL, ETC.

Telegram dated 29th June, 1936.

From the Chamber to the Railway Board.

Committee Indian Chamber of Commerce, Calcutta understand that Railway Board proposes to convene a Conference of Coal interests some time next month to consider proposals for increasing rebate on coal exported to foreign ports, for abolition of existing rebates to Chittagong and Burma ports, and levy of surcharge on bunker coal. Committee feel that the matter deserves careful consideration and that all interests should be consulted. Committee therefore suggest that Government should send particulars of proposals for consideration by Chambers of Commerce who are greatly interested and should postpone Conference till their views are received. Committee also feel that it would be advisable to discuss this matter personally when Sir Guthrie Russell and Mr. P. R. Rau visit Calcutta next month.

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Copy of telegram dated 30th June 1936.

From the Railway Board to the Chamber.

Reference your telegram 29th Conference which will be attended by representatives from Indian Mining Association Indian Mining Federation and Indian Colliery Owners Association has been convened for 8th. It is not possible to postpone this. Particular points to be discussed at the Conference are as stated in your telegram. Government will be pleased consider any representation which you desire to make if this is received before date of Conference. Chief Commissioner and Financial Commissioner will be glad to discuss this with your Chamber when they visit Calcutta towards end of the month but cannot guarantee not to take action before this meeting.

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Letter No. 809, dated 3rd July 1936.

From the Chamber to the Government of India, Railway  
Department, (Railway Board) Simla.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to acknowledge with thanks receipt of your telegram dated 30th June, 1936 in reply to their telegram dated the

29th June, 1936. The Committee of the Chamber regret that the Government do not see their way to postpone this Conference as requested by them. As the Government, have, however, expressed their willingness to consider the representations which the Committee may like to make in regard to the points to be discussed at the Conference, they are forwarding to you their views herein.

The Committee of the Chamber are strongly opposed to the proposal for the abolition of the existing rebates to Chittagong and Burma Ports as they are apprehensive that it would make it possible for South African coal to invade and capture those markets. They are also opposed to the levy of a surcharge on bunker coal which should continue to have the same facilities as it now enjoys and should not be handicapped by the imposition of a surcharge at the present juncture. While the Committee of the Chamber are not opposed to the Government's proposal for increasing the rebates on coal exported to foreign ports with a view to capture outside markets for Indian coal, they feel that such an increase in rebates should also be made applicable to coal consigned to Bombay in order to enable Indian coal to compete more favourably with South African coal at the port. I am to express a hope that the Government of India will give their careful consideration to the above suggestions of the Committee of the Chamber.

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## ORGANISATION.

### STANDING RICE COMMITTEE OF THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

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*Copy of Circular Letter dated the 10th October 1936, from  
Mr. A'shutosh Bhattacharyya to all Member-Bodies  
of the Federation.*

As you are aware, I have the honour and privilege of representing the Federation of Indian Chambers of Commerce and Industry on the Rice Standing Committee of the Imperial Council of Agricultural Research. It has now been announced that the first meeting of the Standing Committee will be held some time towards the end of January next, and that the 2nd November 1936, has been fixed

as the last date for submission of subjects for inclusion in the Agenda of the meeting.

I shall be glad to receive any suggestions from the member-bodies of the Federation in this connection, and I shall thank you if you would kindly favour me with your suggestions, if any, on or before *Wednesday, the 28th October 1936.*

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Letter No. 1682, dated 17th October 1936.

From the Chamber to Mr. Ashutosh Bhattacharyya, (The Representative of the Federation on the Rice Standing Committee).

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to acknowledge with thanks the receipt of your letter dated 10th October 1936, inviting subjects for inclusion in the agenda of the Rice Committee Meeting to be held in January next, and to forward the following subject for the same.

The Committee of the Chamber understand that the quality of Bengal rice particularly Patna grade has been deteriorating day by day with the result that Bengal is losing her export market gradually. Some years ago, Bengal used to export rice to the extent of 4 lakhs of tons to foreign countries but these exports have now dwindled down, so much so, that in the year 1934-35, Bengal exported less than one lakh tons of rice. The Committee are therefore, of the opinion that the Government of India should be moved to take immediate steps in order to improve the quality of Patna Rice, so that it may regain the popularity that it had in the past in the world markets. The Government of India should also take steps to improve Patna paddy and for that purpose improved seeds may be given on loan to the cultivators for sowing purposes.

In this connection, it may be pointed out that, as the Committee understand, the Government of Burma have been maintaining a special Department which looks to the improvement of the quality of Burma rice. As a result of the efforts of this Department the Burma Sugandhi rice has almost replaced Patna Rice in foreign markets, because of its being cheaper by rupee one per maund, while the grain is now only slightly inferior to the Patna grain of Bengal. Other rice-producing countries of the world like Siam and

Saigon are also making vigorous efforts to improve the qualities of their rice and they also have now been successfully competing with Bengal rice in the world markets. The Committee therefore, feel, that if immediate steps are not taken by the Government to improve the quality of Bengal rice, this province will in no time, lose all its export trade to its foreign competitors.

The Committee would request you to kindly take up this matter at the next meeting of the Standing Rice Committee of the Imperial Council of Agricultural Research and advise me as to the action taken on the matter at an early date.

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#### REPRESENTATION ON THE BOARD OF COMMUNICATIONS, BENGAL.

Letter No. 643, dated 25th May 1936.

From the Chamber to the Government of Bengal,  
Commerce Department.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn to a Press Communique which recently appeared in the local press in regard to the constitution of the Board of Communications by the Government of Bengal for advising the Government on the programme of expenditure from grants from the Central Road Fund. On a perusal of the list of representatives on the Board, the Committee regret to note that the Government of Bengal have not included a representative of the Indian Chamber of Commerce along with those of other Commercial Associations. The Committee of the Chamber need hardly emphasize the importance of this Chamber in the commercial and industrial sphere or the varied and important interests represented by it. You are doubtless aware, that this Chamber enjoys the right of sending its representatives on several public bodies, *viz.*, The Calcutta Port Trust, the East Indian Railway Local Advisory Committee, the Eastern Bengal Railway Local Advisory Committee the B. N. Railway Local Advisory Committee, the Board of Apprenticeship Training, the Board of Economic Enquiry, Bengal, the Calcutta Traffic Advisory Committee, and several other bodies. The Chamber has also been given a seat on the Bengal Legislative Assembly under the Reformed Constitution. In regard to many vital

questions affecting the commercial and industrial life of Bengal as well as the whole of India, the Indian Chamber of Commerce has helped the Government of Bengal and the Government of India with its considered views and criticisms which have been welcomed and appreciated by the authorities.

In view of the above, the Committee of the the Chamber feel that the Government are hardly justified in overlooking the claim of this Chamber for inclusion among the bodies entitled to nominate representatives on the Board of Communications. The Committee would feel grateful if you will be good enough to include a representative of this Chamber on the said Board and advise the Chamber of having done so at your earliest convenience.

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*Copy of letter No. 94-T.L.S.G. dated 21st September 1936, from the Government of Bengal, Local Self-Government Department, Local Board Branch, to the Chamber.*

With reference to your letter No. 643 dated the 25th May 1936, regarding the proposed representation of your Chamber on the Provincial Board of Communications, I am directed to say that the matter will be considered when the Board is next reconstituted at the end of the current financial year.

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## **POSTS AND TELEGRAPHS.**

**TIMINGS OF CLEARANCE OF POST BOXES FOR THE PUNJAB MAIL AT  
THE BURRA BAZAR POST OFFICE AND THE  
HOWRAH R. M. S.**

Letter No. 577, dated 2nd May 1936.

From the Chamber to the Post Master, Bengal and Assam Circle.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta has been drawn by several members to the hardships caused to them by the timings of the clearance of Post Boxes for the Punjab Mail at Burra Bazar Post Office and at Howrah R.M.S. The Committee are given to understand that due to the change in the departure of the Punjab Mail from 7-51 P.M. to 7-36 P.M., there have been alterations in the timings of the clearance

of Post Boxes *viz.*, at Burra Bazar Post Office from 6-15 P.M. to 5-45 P.M. and at Howrah R.M.S. from 6-30 P.M. to 6-15 P.M.

The Committee of the Chamber desire to point out that as most of the commodities market in Calcutta close nearly at 6 P.M. it becomes difficult for the merchants to post letters in time in regard to market tendencies, to their constituents and agents after the markets are closed and hence such important communications, in which time plays an important part, are delayed by a day. The Committee also feel that the clearance of post boxes at Burra Bazar at 5-45 P.M. *i.e.*, about two hours before the departure of the Mail appears to be very early and a similar thing can be said about the time of clearance at the Howrah R.M.S.

The Committee would therefore suggest to you to be good enough to alter the timings of the clearance of Post Boxes at Burra Bazar from 5-45 P.M. to 6-15 P.M. and at Howrah from 6-15 P.M. to 6-45 P.M. in order to eliminate the inconvenience caused to merchants due to early clearance at the said places. The Committee feel that the adoption of these suggestions will not cause any great inconvenience to the Postal Department, while they will go a long way in removing the grievances of the merchants as well as the public. The Committee will be glad if you will kindly look into the matter immediately and give suitable facilities to the merchants in their day to day communications.

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*Copy of letter No. T.-7-19 dated 21st May 1936, from the  
Presidency Post Master, Calcutta, to the Chamber.*

I am directed by the Postmaster General to inform you that it has been arranged with effect from the 25th May 1936 that the latest hour of posting of unregistered letter mail articles for the Punjab Mail at the Burra Bazar Post Office shall be fixed at 6-15 P.M. It is trusted that this will remove the difficulties which you have represented.

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Letter No. 640, dated 23rd May 1936.

From the Chamber to the Presidency Post Master, Calcutta.

I am directed to acknowledge receipt of your letter No. T.-7-19 dated 21st May 1936, informing me that the latest hours of posting for the Punjab Mail at the Burra Bazar Post Office shall be changed

to 6-15 P.M. from the 25th May, 1936. While thanking you for complying with their request in changing the time of posting at Burra Bazar, the Committee of the Chamber are awaiting to hear from you in connection with a similar change in the timings of the clearance of Post at Howrah. The Committee trust that in the interests of the merchants and the general public you will be good enough to extend this facility also at an early date.

*Copy of letter No. Sor./A-116 dated 13th June 1936, from the Postmaster General, Bengal and Assam Circle, to the Secretary Indian Chamber of Commerce, Calcutta.*

With reference to your letter No. 00577, dated the 2nd May 1936, I have the honour to say that the points raised in your letter have been carefully examined and after a full consideration of all the possibilities, the latest hours of posting of unregistered letter mail articles for the E. I. Railway Punjab and Bombay Mail train at the following offices have been fixed as noted against each :—

	Punjab Mail.		Bombay Mail	
	Without Late Fee	With Late Fee	Without Late Fee	With Late Fee
Calcutta G. P. O.	5-45 P.M. (17-21 Stan- dard time)	6-30 P.M. (18-06 Stan- dard time)	6-30 P.M. (18-06 Stan- dard time)	7-0 P.M. (18-06 Stan- dard time)
Barabazar T.S.O.	6-15 P.M. (17-51 Stan- dard time)	Nil	6-50 P.M. (17-51 Stan- dard time)	Nil
Howrah R.M.S. Post Office	6-30 P.M. (18-15 Stan- dard time)	7-20 P.M. (19-05 Stan- dard time)	7-40 P.M. (19-25 Stan- dard time)	8-34 P.M. (20-10 Stan- dard time)

I beg to explain in this connection that having regard to the various operations to which letters have to be subjected before despatch, it would be endangering the due despatch of the mails if later hours were fixed. I may add also that letters intended for places in districts in North Bihar (except Chapra District), United Provinces, the Punjab and Sind and Baluchistan are despatched from Calcutta, Barabazar and Howrah Railway Station



post offices first by the Punjab Mail and thereafter by the Bombay Mail train according to the hour of posting. Articles intended for places beyond Moghulserai despatched by the Bombay Mail train are delivered at their destinations at the same time as articles despatched by the Punjab Mail. Articles for places between Patna and Moghulserai are delivered at a later hour than articles sent by the Punjab Mail. The Mails for places in the Chapra district alone are despatched only by the Punjab Mail.

2. This disposes of your letter No. 00640, dated the 23rd May 1936, addressed to the Presidency Postmaster, Calcutta.

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DISTINGUISHING SIGNAL FOR TRUNK TELEPHONES.

Letter No. 350, dated 13th March 1936.

From the Chamber to the Director General of Posts and  
Telegraphs, New Delhi.

*Distinguishing Signal for Trunk Telephone Lines.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to invite your attention to the necessity of instituting a distinguishing telephone signal in case of the Trunk Telephone Calls. Under the present system there is no distinction between the ringing of a local telephone call and that of a Trunk telephone call, and it often creates confusion at receiving ends as the trunk telephone calls are received and handled like local calls by ordinary clerks or the office peons. The Committee feel that if a distinguishing bell is introduced for trunk lines, for instance, either an intermittent bell or a prolonged bell, it will greatly facilitate persons at receiving ends, as those calls could then be handled more carefully and by authorized persons only. This will provide a very valuable facility to the public and will remove a cause of frequent annoyance due to prevention of loss of valuable time in conversation.

The Committee request you to give your careful and favourable consideration to this proposal and advise them at an early date of the action you propose to take in the matter.

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*Copy of letter No. P-86/36 dated Simla, the 21st May 1936, from the Deputy Director-General, Posts and Telegraphs to the Chamber.*

*Distinguishing signal for Trunk Calls.*

With reference to your letter No. P. T. 00350 dated the 13th March 1936, I am directed to inform you that your suggestion regarding a distinguishing signal for trunk calls has been carefully examined with a view to its introduction by this Department but it is regretted that for technical reasons in the case of Automatic Systems and the large expenditure involved in the case of Manual Systems it is not practicable to introduce the facility.

2. I am to add that a similar suggestion has not been adopted so far as this Department is aware, by Telephone Administrations anywhere in the world and even in the United States of America where trunk systems have been developed to an extent which is not approached in any other country there is no distinguishing signal for trunk calls.

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TELEPHONE FACILITIES IN THE RANIGUNGE AREA.

Letter No. 518, dated 23rd April 1936.

From the Chamber to the Director General of Posts and Telegraphs, New Delhi.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the necessity of instituting telephone connections in the coalfields in the Raniganj area. It has been represented to the Chamber by several members having collieries in the Raniganj Coalfields that the non-existence of this facility, which is vital to the business, is a great handicap to the industry. The Committee need hardly stress upon you the importance and desirability of having such direct means of communication between collieries and their head offices, situated as collieries are in most of the cases far away from their head offices. The Committee feel that if this facility is introduced, it will be availed of by a fairly large number of colliery owners in the Raniganj area, so that there will hardly be any additional burden on the finances of the Posts and Telegraphs Department.

In this connection the Committee are pleased to refer you to the enormous surplus revealed by the Telephones Department for the year 1934-35 to the extent of Rs. 23,66,715 and they understand that it is the intention of the Posts and Telegraphs Department, to devote the surplus for the extension of facilities of telephones, especially trunk lines, to the public.

The Committee feel that the institution of telephones in the Raniganj area will be a step in the right direction looking to the intention of the Department.

The Committee will be glad if you will be good enough to look into the question carefully and have telephone connections introduced in the Raniganj coalfields at an early date in order to remove this handicap of the coal trade.

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*Copy of letter No. P-162/36 dated the 22nd July 1936, from the Deputy Director General, Telegraphs, to the Chamber.*

*Extension of telephone facilities in the Raniganj coalfields area.*

With reference to your letter No. 00786 dated 26th June 1936, I am directed to say that the question of opening a departmental telephone exchange at Bahula in the Raniganj Coalfields area is under consideration.

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#### HIGH RATES CHARGED FOR REGISTRATION OF ABBREVIATED TELEGRAPHIC ADDRESSES.

Letter No. 1715, dated 28th October 1936.

From the Chamber to the Director General of Posts and  
Telegraphs, New Delhi.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to the question of the rates charged for registration of Abbreviated Telegraphic Addresses by the Department of Posts and Telegraphs. The Committee find that ever since the introduction of this system, the rates have been continuously increased till to-day they are very high considering the general slump in trade and prices. The Committee understand

that, at first, several years ago, Abbreviated Telegraphic Addresses were registered on payment of a consolidated fee of Rs. 10 only and no further yearly payments were required to be made. After some time, however, the rate was fixed at Rs. 10 per annum which was subsequently raised to Rs. 15 per annum during the period when due to the post-war boom, the prices of commodities had gone up and trade was flourishing.

This rate continued for some years, but it is regrettable that even though a period of general depression followed, this yearly charge for the registration was increased still more, *i.e.*, from Rs. 15 to Rs. 20 together with an additional charge of Rs. 5 per annum for special delivery instructions beyond a certain hour. [The Committee are of opinion that the present rate is very high specially in view of the general trade conditions and that a suitable reduction in the same must be made at an early date to relieve the mercantile community to a certain extent. The Committee may point out that with the surplus shown by the Posts and Telegraphs Department for the years 1934-35 and 1935-36, it would not be difficult for the Government to utilize a portion of this surplus in reducing the burden on the commercial community and the public, by a reduction in the rates for the registration of Abbreviated Telegraphic Addresses. The Committee need hardly emphasize that such a step would bring increased clientele to the Department and make it more popular.

The Committee would request you to kindly give your careful consideration to the above suggestion and to let them know at an early date the steps which the Department propose to take in the matter.

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*Copy of letter No. T.-393/36 dated the 19th February 1937 from the Director General of Posts and Telegraphs to the Chamber.*

*Question of reduction in the rates for registration of abbreviated telegraphic addresses.*

With reference to your letter No. 01715 dated the 28th October 1936, I am directed to say that as compared with other countries the rate is in no way excessive and is considered to be a reasonable charge for services rendered. It is incorrect to say that abbreviated

telegraphic addresses give this Department no extra work because the handling of messages with abbreviated addresses entails additional operation in deciding and addressing telegram to the public. The old compounding rate which dates back to an early period of the history of the Indian Posts and Telegraphs Department was entirely inadequate to cover the cost of the service rendered to the public and the question of restoration of this rate is out of the question. The holder of a registered abbreviated address is able to secure considerable savings in his telegraph charges and in those of his correspondents. In the circumstances it is regretted that the existing rate for the registration of abbreviated telegraphic address cannot be reduced.

2. I may in this connection draw your attention to the fact that since the fee of Rs. 20 for registration of an abbreviated telegraphic address was fixed the rates for telegrams have been reduced from 12 words for 12 annas *plus* a surcharge of 1 anna, to 8 words for 9 annas. This must have been of considerable benefit to the commercial community.

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### MISCELLANEOUS.

#### COAL CONSERVATION COMMITTEE.

Letter No. 1868, dated 24th/25th November 1936.

From the Chamber to the Government of India,  
Commerce Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to refer you to the communicate issued recently in connection with the appointment of the Coal Conservation Committee and the terms of reference thereof. The Committee of the Chamber are of opinion that the Committee appointed by the Government is not a representative one, inasmuch as the business side of the coal trade is not represented on the Committee. The Committee, however, beg to refer you specially to the terms of reference which in the opinion of the Committee are very restricted. It appears that the Government of India have taken an unnecessarily alarming view of the situation and have concerned themselves only with the question of placing the industry on a sound basis requires

close attention. In fact, the methods of mining which are presumed to be the causes of wastage of coal are themselves in a large measure due to the plight of the industry and the right course, therefore, for the Government would have been to take adequate steps to improve the economic condition of the industry, and then consider the question of adoption of methods of mining which by reason of the increased cost would be particularly burdensome to the coal industry at present. As a matter of fact, if the Industry has not so far been able to adopt sufficient precautionary measures to prevent wastage of coal etc., it has been due to its present deplorable economic condition. The prices obtained for coal have been most unremunerative and there are several important questions in this connection such as the present methods of purchase of coal by the Railway Board and other public concerns, etc., which require thorough consideration. The Committee are, therefore, of the opinion that the terms of reference of the Committee appointed by the Government of India should have been much wider so as to include the fundamental questions relating to the economic condition of the coal industry. The coal industry, as the Government are well aware, is in an unfortunate plight and first of all, it is necessary to devise suitable measures to improve its present condition. The Committee, therefore, strongly urge the Government of India to widen the terms of reference of the Coal Conservation Committee in order that the findings of the Committee may be of value and help to the coal industry.

It is essential that in order to make the Committee a thoroughly representative one, representation on it of the Bodies representing the Coal Industry should be arranged.

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*Copy of letter No. M-955 dated the 29th December 1936, from the Government of India, Department of Industries and Labour, New Delhi, to the Chamber.*

In reply to your letter No. C-868 of the 25th November 1936, I am directed to say that the Government of India decided that it would be preferable to have an Expert Committee rather than a representative one. The members have been chosen in view of their expert qualifications and none of them has been appointed or is expected to act as a representative of any particular interest.

2. The Government of India regret that they cannot accede to the request that the terms of reference should be widened in the manner indicated in your letter as they consider that the terms of reference are already sufficiently wide. In connection with your observations regarding the connection between the present methods of mining and the wastage of coal, they would remind your Committee that in 1920 when public opinion was particularly directed to the question of the wastage of coal, the investigations made showed that, although the period was one of high prices and great prosperity for the industry, the adoption of wasteful methods of extraction was common.

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#### RESTRICTIONS ON ENTRY OF INDIANS INTO BURMA.

Telegram dated 10th November 1936.

From the Chamber to the Private Secretary to His Excellency  
the Viceroy, New Delhi.

Referring clause 20 Draft Instrument Instructions Governor Burma Committee Indian Chamber Commerce Calcutta strongly protest power being given Burma Legislature to impose restrictions on entry Indians into Burma which seriously affects interests of Indian emigrants and very detrimental to Indian interests. As instance His Majesty's Government Parliament accepted policy of and Secretary of State India definitely promised providing safeguards in Instrument Instructions confining powers Burma Legislature to impose restrictions if necessary on emigration of unskilled Indian labour only into Burma in consultation Government of India and not Governor General as now provided. Above provision in draft Instrument definitely against this pledge and Committee respectfully urge His Excellency Viceroy to immediately convey Secretary of State India deep anxiety and concern of Indians on this important matter and seek amendment of Instrument Instructions implementing policy accepted by Parliament by confining power Burma Legislature to impose restrictions on entry of unskilled Indian Labour only in consultation Government of India.

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*Copy of letter No. D.O.-2894-G.P. dated 20th November 1936, from  
the Assistant Private Secretary to the Viceroy  
to the Chamber.*

I am directed to acknowledge the receipt of your telegram and letter dated the 10th and 11th November respectively, which have been forwarded to the Reforms Commissioner to the Government of India to whom all communications on the subject may please be addressed in future.

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*Presidential Address of Mr. B. M. Birla at the First Quarterly  
General Meeting of the Indian Chamber of Commerce,  
Calcutta, on Friday, the 1st May, 1936.*

GENTLEMEN,

I take this opportunity of extending a hearty welcome to our new Viceroy, His Excellency the Marquess of Linlithgow. His Excellency immediately after assumption of his office has stressed the necessity of agricultural improvement on which the prosperity of trade and industry is so much dependant. Let us hope that with His Excellency's efforts, the economic condition of the country may be greatly improved.

The Viceroy has also given material proof of his solicitude for the villagers by giving, at his own cost, 2 bulls for breeding purposes in Delhi, and I hope that the noble example set by him will be followed by many in similar directions for improving the villagers' lot. It is a happy sign of the times that attention is being given for some time past in all the provinces towards the discovery and adoption of solutions of the distress that prevails on the countryside. The progress so far has been very slow, but let us hope that with the personal interest taken by the Viceroy greater enthusiasm and success will follow in the near future.

In spite of many representations in the past and also the passing of the new Constitution Act, the Government have yet done very little for the improvement of the villagers' lot. Let us hope that during His Excellency's regime all such matters will be given due consideration and something substantial will be done for improving the rural conditions,



You will be glad to learn, gentlemen, that the Delimitation Committee have recognised the representation submitted by your Chamber and have recommended the grant of one seat in the Bengal Legislative Assembly and the right of participation in the Electoral College for one seat on the Federal Assembly. Government have accepted these recommendations and the Chamber has just been called upon to prepare the Electoral Roll for the election of its representative on the Bengal Legislative Assembly. Although the allocation of only one seat to this Chamber, in recognition of the interests represented by it, hardly does it full justice, we must be grateful to the Delimitation Committee and the Government for the grant of representation to this Chamber, and I fervently hope that at the earliest opportunity, this Chamber will be given greater representation in the Legislatures in consideration of the wide industrial and commercial interests represented by it.

The Jute Mills situation, which has been disturbing our minds for some time past, has clarified a little though the industry is not yet free from the danger which it faced. But, the effect of the increased production has not been so unhealthy as it was feared. The demand from the consuming centres has increased and if the consumption keeps pace with the increased production, there will be no better solution for stabilising the industry on a sound footing.

During the past busy season the monetary condition in the country was fairly easy and the rate of interest even in the busy season was maintained at a low level. While large industrial concerns shared the benefit of cheap money, the same could not be said of the smaller concerns which, even in this easy money period, had to pay as high a rate as 7 to 8 per cent. It is really paradoxical that while, on the one hand, people cannot invest their money for 3%, on the other, there are people wanting money at even 7 per cent. The Reserve Bank, under its present constitution, cannot help much to bring about an equilibrium between the credit rates of the chosen few and the needy many as it has no direct hand in the day to day dealings of the market, nor is it enjoined to take any action for creating credit for industrial concerns. It is essential that cheap money should be available to industries, big or small, if industrial development is to be accelerated and, what is more, conditions should be created by ensuring a continuous supply of cheap money, which should become a normal feature. It is a matter which requires

serious consideration, as the smaller industries cannot thrive without the facility of cheap money.

Turning to our own province, gentlemen, I find that the question of unemployment is as acute as ever. The Government have been unable to spend money for nation building purposes owing to deficit budgets and, thus, the middle-class youth cannot find sufficient employment. In recent years, money has never been so cheap as it is at present and if the Government of this Province floated a large loan for well-planned constructive schemes it will go a great way towards easing the situation. Clearing tanks, making rivers more useful for irrigation and navigation, provision of pure drinking water, cheap power available in every district, better facilities for transport by land and river are only a few suggestions among many that could be put forward for creating work and progress of the province. When money is so cheap, there is no reason why constructive projects, calculated to improve the yield of crop, the manufacture of products, and the adoption of better housing, sanitary and educative conditions, should not be started, particularly as they will themselves pay their way, be no burden on posterity and, at the same time, will improve the standard of living of the people and give them some amenities of life. In this connection, it will interest you to know that recently our King visited some of the slums in Glasgow and expressed surprise how people could live in such slums. If one were to visit the bustees of Calcutta one would be surprised to find that people are living in places where even a dog would hesitate to enter. Surely, the improvement of such bustees and slums of this city should be the first charge of the Government, and this is the time, when money is so cheap, that such schemes should be undertaken.

I hope the Government will give their serious consideration to these matters as the peak of easy monetary conditions seems to have been reached and the opportunity slipped is not likely to easily return.

Turning to the Railway Budget, it is regrettable that the greatest monopolistic concerns of the Government of India are run on a constantly losing basis. Freight rates have been often increased in the past haphazardly and yet it is found that the railways are ascribed to competition from motor lorries and buses,

which are steadily increasing. But, as is well-known, the depreciation in automobile transport is much heavier than in the case of the railways. The cost of running automobiles is also high owing to petrol being much dearer compared to coal, and yet if privately owned motor lorries and buses are able to flourish while the railways have been constantly losing, it is a matter which should engage the very serious attention of the Government of the country. Commodities from the Punjab to Calcutta are now being carried by lorries at cheaper rates than the railways. It seems to me, therefore, gentlemen, that something is fundamentally wrong with the whole administration of the railways and it is at once essential and desirable that the system of working of the biggest transport agency of the country should be completely overhauled and such readjustments should be made therein as would enable it to work economically and carry agricultural and industrial commodities at the cheapest rates, helping both the consumer and the producer, and also stimulate the transport of goods and work on a profitable basis. It seems that the administration of the railways is very topheavy and unless drastic retrenchment is made and the working is made as efficient and thorough going as every private enterprise, I am afraid, they will continue to lose money and be a burden on agriculture and industry. It is time that the Government of India appointed a Retrenchment Committee of businessmen to go into the question thoroughly and to suggest ways and means of putting the railways on a sound footing.

You have doubtless seen the summary of the recommendations of Sir Otto Niemeyer published this morning. The recommendations are of vital importance to this province. Sir Otto Niemeyer has recommended for a Sub-vention of Rs. 75 lakhs to the province and wiping off of the debt, but the recommendations as far as the Jute Export Duty is concerned are not at all satisfactory. Under the recommendations the province will get 62½ per cent. of the total export duty, but we are unable to understand why the other 37½ per cent. has been left with the Central Government. Other provinces like Bombay and Madras are in more prosperous conditions while this province's major source of revenue is being exploited for the Central Government. The incidence of the duty falls on the poor agriculturists and, with your permission, I strongly protest against this iniquity of keeping the remaining 37½ per cent. of the duty with the Central Government.

Another point which is about the distribution of Income Tax is not very clear. According to the recommendations Sir Otto Niemeyer calculated the Income Tax distribution to each province on population and residence basis. If the average of the two were taken as he suggests, that is, the proceeds due to the province on population and on residence basis, we will find that the share of the province should be nearly 24 per cent. of the total Income Tax instead of 20 per cent. recommended by Sir Otto. I hope the Secretary of State will give his due consideration to the case of Bengal before finally giving his assent to the matter.

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*Presidential address of Mr. B. M. Birla, at the Second Quarterly General Meeting of the Indian Chamber of Commerce, Calcutta, on Friday, the 28th August 1936, at 4-30 P.M.*

GENTLEMEN,

During the last quarter, your Committee had to deal with several important subjects. I had occasion to refer at the last Quarterly Meeting to the Rail-Road Competition. Since then the Committee had the occasion of discussing this question with the Railway Commissioners, Sir Guthrie Russell and Mr. P. R. Rau when they visited Calcutta. Your Committee impressed on them the desirability of making retrenchments and improving the efficiency of the Railways. As you know, gentlemen, retrenchment in the personnel is desirable but if the standard of salary in the lower grades be reduced it may create hardship on the present employees and, therefore, the Committee did not suggest retrenchment in their standards of pay. The standard of salary is already sufficiently low in their case, and if we are to improve the standard of living of our people, we have to bear this loss ungrudgingly. But, we think that there is still much scope for lowering down the scale of salaries in the higher grades and for reducing the number of employees in those grades. Even more than retrenchment, there is a great necessity for increasing efficiency. For this reason it is necessary that the whole question may be dealt with by an Enquiry Committee composed of businessmen. Some people say that only experts should be brought from England to suggest improvements in the Railway system. Gentlemen, I take this opportunity of protesting against such an enquiry. In India there are plenty of

men of experience and business acumen, who could suggest all the improvements necessary in the railway administration and who would inspire confidence in the Indian mercantile community. It is useless to bring men from foreign countries where the standard of salary is far high and the methods of working are also different. It is impossible for such men to study the problem from the Indian point of view and suggest remedies. You will remember that in 1920 the Inchcape Committee suggested certain improvements and economies. It was presided over by Lord Inchcape, who was not an expert but only a businessman with common-sense and with knowledge of Indian conditions. If that Committee could suggest changes in the administration, why cannot to-day a Committee composed of Indian businessmen suggest changes for the good of the railways? After all, the railways have to satisfy the public. If they have only foreign experts on the Committee, the grievances of the mercantile community would be still there. In the interests of the railways themselves they should try and carry the public with them for any changes which are necessary. If, therefore, a Committee inspiring the confidence of the business community is constituted, your Committee have promised to the Railway Commissioners to consider the recommendations of such a Committee favourably and, if necessary, to be prepared to support the recommendations of such a Committee in order to put the railway finances on a sound footing. This Committee should also go into the question of the Rail-Road Competition. It may consider how there may be co-ordination between railway and road. I am sure all of us would agree that it is not desirable to curb road competition altogether, and we have emphasised this point to the Railway.

Regarding the Indian Companies Act, your Committee have dealt with the question. As you know, the matter will soon be before the Legislative Assembly. Let us hope that the Company Law will be amended after due consideration. As the report of the Select Committee has not yet been published, I abstain from making further remarks.

Recently, the question of the Indo-British Trade Agreement was referred by the Government of India to your Committee, and only a few days ago they have forwarded their opinion. The conditions in India are peculiar. Formerly, we used to have a large balance of trade in our favour with countries other than the United

Kingdom. This was utilised by our creditors to meet the international balance of indebtedness. In recent years, the balance of trade in merchandise has gradually fallen—so much so that during the last 5 years most of the indebtedness has been met by the export of our gold. How long this export of gold will continue is problematical. When this export discontinues in the near future it will become very difficult to meet our indebtedness and, therefore, the first and foremost question is, how is the United Kingdom going to draw its dividends and service charges? In any trade pact between India and the United Kingdom, the latter has to keep this in mind. India does not require any export market owing to there being a large consumption of the raw materials in her own territory. It is only to meet our obligations or to pay for the imports which we get that we want an export market. If we could export sufficiently to pay for our imports, we would be quite happy. But that will mean that the debt due to England will increase from year to year, and a day may come when England may find her debtor a bankrupt country with no means to redeem the debt and, thus, may have to face a total loss of her capital. How is England going to avert that catastrophe? If the United Kingdom thinks that it can afford to lose its large investment in India then, I am sure, we would accept such an offer with gratitude. But hard-headed businessmen as they are, they could not mean this. In spite of the fact that the United Kingdom may, from merely business point of view, get its requirements on better terms from other countries, I am sure, its statesmen would like to provide and take some of the wealth which they earn from this country because, after all they get the same free. In view of this England has to arrange for an adequate balance of trade in favour of India. In the past, bilateral treaties with foreign countries have been discouraged by the United Kingdom. I think in the interests of England it is necessary that India should have favourable balance of trade with other countries, so that ultimately England may have to buy less from India. Suppose, if we have a balance of trade with other countries amounting to 40 crores then England has to find only a balance of trade in favour of India for another 35 crores and, therefore, before finally concluding an agreement with India, agreements with other foreign countries must also be concluded, so that the ultimate exports which England may have to take from India may be reduced. If England does not do this then the fear is that she

may be able to get only a portion of her dues back from India, and the rest may be a dead asset, which she would never be able to realise. Already our debt is heavy, and you can well understand the impossibility of our repaying the same, or even the interest on it if it increases any further. This is a matter which should be seriously considered by the Government of India as well as the United Kingdom at the time of the negotiations for a fresh trade agreement.

The jute situation, to which I referred at the last meeting, has not still clarified. The consumption of goods has considerably increased during the last few months, but the production has also increased to the same extent. The seasonal consumption of manufactured goods having come to an end, it is doubtful whether the present production of the mills would find a ready market. But, unfortunately, as you know, the mills outside the Association would not see their way to come in line with the Association and they have increased their production more than the Association mills. How long this process will continue is difficult to forecast. However, let us hope that saner counsels will prevail amongst the outside mills and they will come to some arrangement with the Association mills. In this connection, I may say that the position of almost all the industries in India is gradually moving towards over-production. Unless some sort of planning and control is adopted, not only will the shareholders suffer, but it will also cause a large redundancy of machinery which, in turn, reflects in a loss to the agriculturists and the consumers alike. Coal and cotton had already reached that stage and now jute has reached it. Sugar is shortly going to come to the stage when overproduction will result in a large diminution of profits and may ultimately result in loss to the agriculturists because cane may become unsaleable on account of the low prices of sugar.

Gentlemen, one thing more and I have finished. This is in connection with a building for the Chamber. Your Committee have been considering this matter and they think that a building for the Chamber is very essential where the different Associations affiliated to the Chamber could be housed. I hope when the plans are matured the members will give full help in subscribing the capital required for the building.

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*Presidential Address of Mr. B. M. Birla, at the Third Quarterly General Meeting of the Indian Chamber of Commerce, Calcutta, on Friday, the 18th December 1936, at 4-30 P.M.*

GENTLEMEN,

I have great pleasure in proposing the adoption of the Third Quarterly Report of the Committee and take this opportunity of making a few observations on the various matters which have been engaging the attention of your Committee during the period under review.

You all know, gentlemen, that during the past few years, one country after another has been adopting various devices like Exchange Control System, Clearing Agreements, Import quotas and licences, high tariffs, etc., to conserve as much trade within its own borders as possible and our foreign trade has been adversely affected by these restrictions owing to the interests of India not having been adequately safeguarded.

Recently, we have had before us some striking observations bearing on this important matter in the report submitted by the Indian Government Trade Commissioner at Hamburg. The account given by the Trade Commissioner makes a dismal reading so far as India's trade with Continental countries is concerned. The report shows how in the case of several commodities, India has been losing ground in the Continental markets, especially in Germany. Reports from other sources also confirm the fact that the decline in India's export trade has been due to measures of State-control adopted by various countries to regulate their foreign trade by mutual agreements in the manner best suited to them. Your Committee had already foreseen the necessity of having bilateral trade agreements with India's important customers and they had accordingly impressed upon the Government that while negotiations are being carried on with the Government of the United Kingdom for the conclusion of a fresh trade treaty in place of the Ottawa Agreement, it was essential to see that no restrictions are thereby placed on the right of India to conclude similar trade agreements with other foreign countries. In view of the restrictions on international trade it now seems imperative that even while the Indo-British Trade negotiations are going on, the Government of India should lose no time in negotiating bilateral trade treaties



with other countries without which, it now appears, it will be difficult for this country to maintain her footing in international trade. As you are aware, the Legislative Assembly also in March last, in the course of their resolution on the Ottawa Agreement, stressed the necessity of a review of the trend of the whole of foreign trade of India and of conclusion of bilateral trade agreement with such of the foreign countries as necessary. Let us hope that Government will take early steps to implement this resolution of the Legislature and respond to the wishes of the Indian commercial community in this respect.

In this connection, I may invite your attention to the recent speech of Mr. Alexander Shaw, Chairman of the P. & O. Co., at its annual meeting wherein he referred to the growth of competition of Japanese shipping in the Indo-Japanese trade. Mr. Shaw suggested that the Government of India should be pressed, in their negotiations for a new trade treaty with Japan, to use their bargaining power to the full in support of Empire Shipping. I presume when Mr. Shaw speaks of Empire shipping he means the shipping of the 'Empire' and not of the British Isles alone. If that be the case, we are in full accord with his speech. But, I am sorry to say that in the latter part of his speech, Mr. Shaw altogether forgot Indian shipping and only tried to plead the case of British shipping. You will probably remember that this subject was also raised in the House of Lords, last month by Lord Llyod and others when the Secretary of State was urged to secure a share for British shipping in the trade between India and Japan in connection with the Indo-Japanese Trade Agreement. It is most surprising that not only are we asked to give preferential treatment in tariffs to the Empire countries but even when there is a likelihood of India being able to bargain something with other countries we are precluded from using that bargaining power in the interests of our own nationals and national industries and are asked to give up even that advantage for the benefit of other interests. It is really regrettable that Indian interests are thus always tried to be sacrificed against which state of things we can only protest and do nothing else. What is necessary is that the Government of India should use their bargaining power to which Mr. Shaw refers and which is really the purchasing power of the Indian consumers, first, in the interests of Indian bottoms, so that the trade of India with Japan may be carried in

her own ships. If Indian ships are, however, unable to cope with the trade, we might consider requesting Mr. Shaw to supply his ships for the remaining portion. I am sure, it will be readily acknowledged and appreciated that this sphere of trade is legitimately India's as India is the consumer of the commodities imported, and I trust the Government of India will use that weapon and some arrangement will be made in the interests of Indian shipping. It is understood that the Empire Trade Committee in England demanded by a resolution in last July that the Government of the United Kingdom should give special attention in all trade arrangements to the protection of British mercantile marine. It is imperative that the same principle should be applied in the case of India's bilateral treaties with other countries, and I hope this important aspect of our trade agreements will be borne in mind during the Indo-British and the Indo-Japanese Trade Negotiations.

I would like to refer here, gentlemen, to the apprehensions aroused in the public mind and especially among the Indian commercial community in regard to Government's attitude and policy about industrial development. Certain pronouncements of individual members of the Government of India against the policy of discriminating protection which is still the official policy of the Government, a thing very unfortunate in itself, have raised serious doubts in the minds of the commercial community about the continuance of a course of action which has proved very beneficial to the economic advancement of the country. I need not recount here in detail the many benefits that have accrued alike to the people and the Government of this country as a result of the policy of protection. Protection to indigenous industries, as you are aware, has directly been responsible for stopping a huge annual drain to foreign countries by reducing the volume of imports. The saving on this account in the case of three major industries alone, *viz.*, cotton piece-goods, steel and sugar has been about 65 crores per annum. Apart from this addition to the national wealth, the indirect benefits accruing from the development of industries as a result of protection, have been great, *viz.*, expenditure of the money within the country itself, increased purchasing power of the masses due to greater circulation of money, development of many subsidiary occupations, etc. In addition to all these, however, it is only the huge reduction in imports made possible by the development of industries within

the country which has enabled India to avoid a large unfavourable trade balance during a time of severe economic depression when exports greatly diminished and thus helped Government of India to pay their home charges. In fact, the present slight improvement in the commodity prices and the somewhat healthy atmosphere in the general financial conditions are mainly due to this protective policy, which has stopped a large drain of wealth from this country.

It appears, however, that a subtle propaganda is now being carried on in the country to undermine this policy of discriminating protection adopted by the Government of India. An attempt is being made to attribute all the financial and economic ills from which the country is suffering, whatever their nature, to this policy of protection. Not only are the drops in the exaggerated estimates of revenues ascribed to protective tariffs but the deficits in Railway and Port Trust earnings are also ascribed to them. It is really a matter of surprise that while all other nations in the world, not excluding England the once staunch advocate of free-trade, are following a policy of economic self-sufficiency, responsible officers of the Government of India are trying to belittle the advantages of protection which are apparent. Take the most recent case of the sugar industry. Immediately after the last Civil Disobedience Movement, agrarian conditions in the U. P. were very unsettled but with the passing of the Sugar Industry (Protection) Act, and the consequent phenomenal development of the industry, it could be said to-day that all the troubles in the U. P. and Bihar which were brewing are over, because the agriculturist has been able to grow more cane and get much higher cash price for his crop compared to any other crop growing in those Provinces. This resulted not only in the regular payment of Government revenues but also in quieting the discontent which was causing so much anxiety to the Government. I am sure it could not be the intention of the Government to make any changes in the policy of protection, which is proving so advantageous to the country.

I come now, gentlemen, to another very important and vital question about which the whole Indian commercial community feels keenly disappointed, I mean, the recent appointment of a Committee of Experts to enquire into the question of Railway Finance. I referred in my speech at the Last Quarterly Meeting to the subject of Railway Finance and the necessity of an Expert Committee

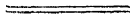
including prominent Indian businessmen to go into the whole question. While it is a matter of satisfaction that the Government of India have realised the necessity of a thorough inquiry into the whole subject, we must emphatically protest against their action in appointing a Committee on which not a single Indian is included. Commercial opinion in India has on more than one occasion made it clear that it is very essential for prominent Indian businessmen to be associated with any such 'Experts' brought from abroad can bring to bear on this very vital question that close insight into Indian conditions and problems and that knowledge of its needs which are very essential for a satisfactory solution of the whole problem. There are important and vital issues involved in this Enquiry into Railway Finances, but as the matter is now under consideration of the Committee, I refrain from making any further remarks here on the subject.

You will be glad to know, gentlemen, that during the period under review two more Associations have got themselves affiliated to the Chamber, *viz.*, the Indian Insurance Companies' Association and the Shareholders' Association, Calcutta. I am glad that the activities of the Chamber are not only growing day by day but also proving to be more useful and beneficial to the commercial community.

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# **APPENDIX**



**MEMORANDUM SUBMITTED BY THE  
CHAMBER TO THE  
RAILWAY ENQUIRY COMMITTEE.**



# INDIAN CHAMBER OF COMMERCE, CALCUTTA.

135, CANNING STREET,  
CALCUTTA.

*The 5th January, 1937.*

THE SECRETARY,  
RAILWAY ENQUIRY COMMITTEE,  
(Camp) Calcutta.

DEAR SIR,

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to place before you their views in regard to the financial condition of the railways, to enquire into which your Committee has been appointed. The Committee might point out that they do not propose to deal with the detailed technical questions involved in this enquiry but will draw attention to some of the fundamental aspects of the problem and offer criticisms and suggestions which, as a commercial body consisting of those who utilise the services of the railways in various directions, they are especially qualified to offer.

2. The Committee may point out at the outset that the question of railway economy and retrenchment has assumed importance not only owing to the deficits in the railway budget for the last six years but also owing to the emphasis laid on the question of a thorough overhaul of railway expenditure as a vital element in financial relationship between the Central and Provincial Governments by Sir Otto Niemeyer.

3. There is no doubt that the Indian Railways require a radical reorganisation in such a manner as to ensure economical and efficient transport. Sir Walter Layton has stated in his report on Indian finance, embodied in the Simon Commission's Report, that "national enterprises such as the Post Office and Railways should feed and not be a charge upon the Central Exchequer." In order to achieve this object, railways should be run on commercial principles. But the Committee regret to point



out that not only foresight but even ordinary commercial prudence has not been observed in the management of our railways. A commercial undertaking, for instance, has to maintain close relationship between its total income and expenditure. It has to reduce its cost on the one hand and increase its efficiency on the other in order to meet competition as well as stimulate increased use of its products or its services. But the Indian railways, partly owing to their monopolistic character and particularly owing to the extravagant scale of salaries of public services in this country, have not adjusted their working expenses to a lowered scale of receipts. During the pre-war period, the operating ratio of the railways (*i. e.*, the ratio of the working expenses to the gross earnings) was about 50 per cent and rose to about 60 per cent after the War and tended to rise rather than go down despite the subsequent period of depression, fall in traffic and reduced earnings. The increase in working expenditure from 1913 to 1920-21 amounted to 131 per cent, a fact also noted by the Inchcape Retrenchment Committee. Subsequent to the separation of railway finance from general finance, while the total railway earnings did not exceed 98 per cent, the expenditure in 1929-30 had increased to 247 per cent, in other words, when gross earnings had doubled, the working expenses were nearly  $2\frac{1}{2}$  times the pre-war figure. Nor has the railway policy been adequate in curtailment of expenditure corresponding to reduced earning power even during the period of depression. For example, in 1924-25 the revenue derived from railways was about Rs. 100 crores and has gone down to about Rs. 90 crores now, *i. e.* by 10 per cent. But, on the other hand, the working expenses are about 5 per cent higher than they were in 1924-25. Compared to the basic figure of pre-war years, 1911-13-14 the expenditure of the railways has been stabilised at an abnormally high level of 225 per cent. The wages bill of the Indian railways constitutes, of course, the largest single item of railway expenditure. In 1913-14 the total cost of the employees on the State-owned railways amounted to Rs. 13.62 crores. In seven years, the cost was doubled and expenditure on the staff for the year ended 31st March, 1921 was Rs. 26 crores. In another ten years, the cost was trebled. It is essential to point out that although this period was one of railway construction, the wages bill had continued

to increase to such an extent that it did not have any relation to the amount of traffic or the addition to railway mileage or the increase in railway revenue. The cost of establishment charges in 1934-35 as compared to 1913-14 has increased by 154 per cent. Coming to recent years, while in 1932-33 railway staff was 7,23,000 and the salary bill of the staff came to Rs. 29 crores constituting 40·8 per cent of the working expenses, in the year 1933-34 although the railway staff was 6,70,000 the payment to staff amounted to Rs. 34·14 crores which constituted 53·8 per cent of the working expenses. It will be noticed that this increase in expenditure on the establishment has taken place when there has been a fall in the general price level. It is obvious that a business concern which spends nearly 54 per cent of its working expenses merely on staff establishment irrespective of traffic or receipts can hardly thrive. Moreover, even during the current year when a heavy deficit has had to be budgetted for and the Depreciation Fund had to be drawn upon, the working expenses are going to be Rs. 51·14 crores which is half a crore more than the previous year. While the figure of prices as compared with 1913-14 stands at below 86, the bill of wages has gone up on the one hand from Rs. 13·62 crores to Rs. 34·23 crores and on the other hand, the rate of freight on goods has increased from about Rs. 4 per ton mile to more than about Rs. 6 per ton mile and the passenger fare per passenger mile has also gone up by 50 to 60 per cent. Even when the question of the constitution of your Committee was under consideration, railways have abolished the rebate on wheat freight from next year, cancelled 12½% rebate on bunker coal to Calcutta and increased rate classifications of several commodities including piecegoods, sugar and tobacco. It is evident on this data that the railways instead of re-organising their administration and expenditure on the basis of their resources and income have taken recourse to the shortcut policy of increasing freight and fares in order to recoup their losses.

4. The Committee have also to draw attention to the extravagant and wasteful nature of some of the capital expenditure incurred by Railways such as in building costly and huge stations as at Bombay Central, Cawnpore, Lucknow and other places; electrification of lines at heavy expense irrespective of financial returns; publicity expenses in Europe and America which amount

to a considerable sum despite the fact that the Retrenchment Sub-Committee of 1931 recommended a curtailment in such expenses; running of special trains like the Imperial Mail Train for the sake of a few passengers. The Committee cannot help observing here that railway construction and development in India are speeded up so as to assist manufacturers abroad. For example, Sir Alfred Mond (Lord Melchett) said in the House of Commons a few years ago :—

“ When I was Chairman of the Cabinet Unemployment Committee, a scheme was put forward and was under consideration, by which, by the use of the Indian Government credit supplemented by our own, we could obtain orders from the Indian railway programme ”.

Similarly, Sir Charles Innes admitted in the Legislative Assembly that in the Imperial Economic Conference of 1923, a great pressure was exercised on him in order to speed up railway development for securing orders. The capital expenditure on railways owned by the State, for instance, increased from Rs. 538 crores in 1913-14 to Rs. 795 crores in 1934-35 while the corresponding interest charges have increased from Rs. 18.5 crores to 31.8 crores. This heritage of extravagant expenditure in the past is a heavy incubus on the railways. The Committee need hardly emphasise that railway capital expenditure should not be incurred to relieve unemployment abroad but should meet the necessary requirements and should have relation to the economic condition of the people of this country as well as the financial condition of the railways themselves.

5. The Indian commercial community as well as non-official opinion in the Central Legislature have been continuously protesting against the extravagant methods and the top-heavy nature of railway administration. The Committee see no justification, for instance, for the extension of the Lee concessions, which were themselves objectionable, to railway service which is well paid. Moreover, despite the continued deterioration in railway finance and repeated deficit budgets, the railways restored the salary cuts partly in 1934 and fully in 1935. No railway administration which has any sense of responsibility towards the public or

respects the standards of business economy would, in the face of such financial stringency, have restored the salary cut which secured a saving of nearly Rs. 1,70,00,000. The manner in which the railway administration has been conducted cannot, in the Committee's view, in any way be regarded as sound or in accord with canons of commercial management.

6. The Committee have also to draw attention to the argument frequently made that the present fiscal policy of the country has been to a great extent responsible for the deterioration of the railway revenue because goods are no longer carried over long distances from ports to consuming centres. This contention, the Committee may point out, is hardly based on a true appreciation of the effects of protective policy on internal transport, but is presumably the outcome of the fact that the railways are steeped for a long time in the tradition of fixing their freight rates on the basis of the movement of raw materials to ports and of imported manufactured articles to the inland consuming centres. The development of the protected indigenous industries has certainly restricted to some extent the imports of manufactured products from abroad but, if the movement of imported commodities from ports to internal markets has declined, that of indigenous goods from the principal producing centres to consuming areas and from province to province has increased ; for example, Bengal imports indigenous piecegoods from Bombay and Ahmedabad, sugar goes from U. P. and Bihar to distant North, West, and South, yarn from Madras and Bombay, cement from Western areas in all of which railways earn freights on traffic that did not exist previously. It can, therefore, be maintained that the fiscal policy of the Government resulting in the industrialisation of the country so far as it has been effective has brought about increased movement of both raw materials and manufactured goods within the country itself. Moreover, the development of industries within the country leads to an increase in the earnings of the people and this additional income would be spent in the purchase of materials in respect of which the railways would get additional traffic. If the railways have not been able to take advantage of this position, the responsibility lies with them because they have hitherto not paid enough

attention to internal trade and its development. The railways should as a matter of fact take initiative in respect of the development of industries by advertising the special benefits of particular localities for the establishment of suitable industries as also in respect of widening markets for the sale of products.

7. The Committee have to emphasise that the transport system of a country should be related to the wider economic policy of the country ; the railway system in other countries forms an integral portion of a co-ordinated scheme of national economic development so as to aid industry and agriculture by economical and quick transport service. The Hoch Smith Resolution which has been incorporated in the American Act, as well as the British De-Rating Acts show that the trend of modern railway legislation is to recognise to an increasing extent that the fixation of railway rates and fares is largely a matter of policy. The American resolution, for instance, attempts to make the railroads in the United States of America "the shock-absorber and balance-wheel for the entire economic life of the country". It provides, *inter-alia*, that it is the true policy in rate making to be pursued by the Interstate Commerce Commission in adjusting freight rates that the conditions which at any given time prevail in the several American industries should be considered with a view to ensure that commodities may move freely. The resolution also charges the Commission to give the maximum possible support to a specifically defined industry, *viz.*, agriculture, and the Commission have consequently immense powers given to them to cut down freight rates on agricultural products to the absolute minimum amount. The English De-Rating Acts are also directed towards the support of the country's industries through the medium of railway freights, while assistance to industries is afforded by the provision of special rebates on selected traffics. The Committee hope that a national rates policy would be adumbrated and evolved by the Indian railways which would ensure the fixation of such rates and charges as would promote a natural and proper economic development of the country, afford the maximum possible assistance to Indian industries and encourage the free movement of the products of agriculture, while maintaining adequate transport services. Such a rates policy would

bring about a distinction in rates on foreign and home traffic and would generally favour the internal distribution of produce as against exports and the import of raw materials from foreign countries as against manufactured stuff.

8. The Committee would now pass on to the terms of reference of the Railway Enquiry Committee. Despite clause (1) of the terms of reference which tends to exclude any suggestion that is likely merely to transfer deficits from the railway to the general budget, the Committee are of opinion that the question of transfer of the charges on strategic and military lines to the defence budget in proportion of their use for defence purposes needs to be thoroughly investigated with a view to an equitable adjustment between the railway and defence budgets. As a matter of fact, out of a total estimated deficit amount of Rs. 3½ crores, the deficit on strategic lines comes to about Rs. 2 crores and the transport concessions enjoyed by the army amount to nearly Rs. 1 crore. From the point of view of the railways considered as a commercial proposition and in order to enable the public to know the full cost of the defence budget as well as the real liability of the railways, such a transfer is desirable and the Committee trust that this subject will receive your careful consideration.

9. As regards clause (2), the Committee would deal separately with the several issues involved in it. For example, the problem of securing improvements in net earnings should be considered both from the view-point of increasing efficiency and of reducing the cost of the railways, apart altogether from the question of effecting any co-ordination between road and rail transport. The Committee have to draw attention in this connection to the fact that the position of the Indian railways is not as gloomy as it is sometimes made out in order to justify wholesale increase of freights and fares or crippling of road transport. The Committee would draw attention in this connection to the observations of Sir M. Zafrullah Khan, the Commerce Member, while presenting the Railway Budget for 1936-37 when he pointed out that during the years 1933-34 and 1934-35, Indian railways earned 3.40 per cent and 3.64 per cent on their capital at charge which compares favourably with the earnings of railways in the

British Empire and in other countries. During the year 1934-35 the British group earned, for instance, 2·50 per cent. New South Wales Government Railways earned 3·14 per cent, New Zealand Government Railways earned 2·01 per cent, West Australian Government Railways earned 3·61 per cent, South African Railways earned approximately 3 per cent, while the railways of the United States earned only 1·8 per cent. In fact, the percentage of nett revenue to capital of the Indian railways would be higher if purely commercial considerations are applied. For example, the loss on strategic railways amounting to about Rs. 2 crores and the benefit of a crore of rupees which the army authorities obtain through transport concessions for their stores and personnel should strictly be debited to the defence budget and credited to the railways, in which case the percentage of return on capital would be even still more. It will, therefore, be evident that the picture of railway finance is not so dismal as is often made out and the budget deficits need to be viewed in their proper perspective. As a matter of fact early indications of the next year's Railway Budget show that Government expect an increase of Rs. 1½ crores in revenue over the estimates at the commencement of the year and of which Rs. 1¼ crores are already realised.

10. Coming to the question of securing improvements in nett earnings of railways, the Committee may state that the only way in which any considerable success can be achieved in this direction is by increasing efficiency on the one hand and reducing cost on the other. However, while efficiency and economy are essential, the problems facing the Indian railways are far more fundamental in their nature. Railway authorities, like other commercial undertakings, should be responsible for the results of their action and policy and responsive to the needs and requirements of the public and especially of the mercantile community whom they serve and on whom, in the last resort, the prosperity and the existence of the railways themselves depend. The Committee might quote in this connection certain observations made by Sir Trevredyn Wynn in the course of his speech at the 78th Ordinary General Meeting of the Bengal Nagpur Railway Co., Ltd., held on 12th November, 1936. Sir Trevredyn Wynn said :—

“ I am inclined to think that the working of Indian railways lacks something of the real commercial spirit and

that the railways are not so closely in touch with trade and agriculture as they might be."

This is the gravamen of the charge of the entire commercial community and the Committee would draw your attention to the necessity of impressing upon the railways that they should try to ameliorate their financial condition by overhauling their own administration and by adjusting their standard of expenditure to their own income and the economic level of the people of this country instead of resorting to increase in freight rates. It need hardly be pointed out that the question of freights and tariffs has a close bearing on the problem of railway finance as well as on the economic development of the country. The Committee deprecate the tendency of the railways to try to solve their financial difficulties by the short-cut of increase in freight rates. The Committee have in this connection to draw attention to the observations of the Public Accounts Committee on the Railway Accounts of 1934-35 "that the opinion of the Railway Board now is that until the price structure has altered materially there is little room for further large increases in rates and fares." The Public Accounts Committee, therefore, came to the conclusion that "the solution of the problem of fully restoring solvency must in the main rest on measures other than increase of freight and fares." The railways must therefore remain in constant and close contact with the mercantile community and must consult them and take them into confidence whenever any important questions such as those relating to freight rates affecting the commercial community arise. It is only in this manner that the railways can create a demand for their service and attract new and additional traffic to themselves. The Committee have on this subject to draw attention to some significant remarks of the Pope Committee and wish that these suggestions would be translated into practice :—

"The Committee feel that commercial officials should be better trained in the art of salesmanship. Efforts should be made to eradicate the 'take it or leave it' attitude which it has been customary to attribute to railways in the past. Every station should be considered to be a shop which sells transport and every station master should be trained to consider himself the salesman



of his shop. All commercial officials should make a study of the commodities carried, and that study should include details of methods of production, their value, the uses which they are put and the markets to which they go."

The Pope Committee therefore emphasised the necessity of personal contact with the trading and travelling community and asked the railways to bear in mind the well-proven principle that " facilities beget traffic."

11. The Committee would like to point out that the railway authorities could, by responding more promptly and more fully to the demands and requirements of the commercial interests concerned, attract additional traffic and prevent the loss of existing traffic to themselves. The Committee would mention certain instances to illustrate the manner in which the railways have lost traffic or failed to take advantage of the possibilities of additional traffic :—

(i) The Committee understand that there are considerable possibilities of the movement of Sind Cotton eastwards, but it cannot so move because of the high railway freight. If freight be sufficiently reduced the railways would still earn a higher freight than by moving the cotton to Karachi. For example, the railways were approached to lower the freight on such traffic from Mirpur Khas to Morar Road to Rs. 1-2-0 or to a maximum of Rs. 1-4-0. It was only after prolonged agitation that the freight was reduced, but only to Rs. 1-15-0 per maund which rate of freight is still too high for the movement of traffic. This is an example of the railways not attracting new traffic.

(ii) The Committee understand that owing to the railways not having acceded to the recommendations made to them to reduce freight on cotton from Okara to Morar Road, the whole traffic has gone over to motor lorries as a result of which the railways have lost nearly Rs. 4 lakhs in the last four years. This is an example of the railways losing existing traffic and not gaining it.

- (iii) There is a considerable scope for the movement of cotton from South India to North India and of wheat from the North to the South but the railways have never tried to take initiative and develop these traffics.
- (iv) Another instance of how irresponsible the railways are to the reasonable demands of the commercial community will be seen from the fact that it was only after more than 15 years of repeated requests by the Indian produce trade of Calcutta that the railways have extended the facility for storage and weighment at Howrah, as asked for.

12. The Committee would also like to mention some of the facilities which could be provided by the railways and which need favourable consideration at their hands. These facilities would benefit the mercantile community and would not cause any inconvenience or loss to the railways but would on the contrary secure to them additional traffic. For instance, at least some of the Goods trains must be run to scheduled time and better booking facilities should be provided for goods traffic. Credit facilities for firms of reputation should also be given and such firms should be allowed the facility of keeping running accounts with the railways concerned. For empty wagons which go vacant in one direction, the railways might be authorised to quote lower than minimum rates; this and similar other measures for the better utilisation of rolling stock would secure additional revenue to the railways as well as assist commercial traffic.

13. Another important matter to which the Committee would draw your attention is the need of telescopic rates of freight for goods traffic. In the case of telescopic rates the system of making a fresh start in calculation whenever goods pass from one railway system to another is quite anomalous. If goods are carried over one system only a much lower freight is payable than when they happen to pass over different systems though the total distance is the same. The different railway administrations are improvised only for the sake of administrative convenience. There is no reason why the movement of goods should be hampered by charging excessive freights simply because the railway systems

travelled over are made different for convenience of administration. The anomaly becomes all the greater because the ownership of almost all the railways in the country is of the State.

It is contended by the railway officials that if unbroken telescopic basis be adopted it would necessitate increased initial charge to make up for the reduced charge on the longer distance, but this is not what the mercantile community want. The mercantile community make the suggestion of unbroken telescopic basis for the purpose of developing long-lead traffic without putting a handicap on short-distance traffic.

Provision should also be made for station to station rates whenever and wherever necessary. It is understood that nearly 75% of the traffic in Great Britain is moving under exceptional rates *i.e.*, other than class rates. There is a great need of developing station to station traffic in India. The whole rate structure hitherto has been built up on the basis of long haulage and carriage of commodities from ports to interior and *vice versa*. But short haulage traffic has been on the increase in recent years and what the railways lose on long haulage can be more than made up by developing short haulage traffic provided favourable rates are quoted and special efforts are made to develop internal traffic by station to station rates.

The Committee have also to draw your attention to the large difference between the Owners' Risk rates and Railway Risk rates, and have to point out that the difference must be according to the actual risk involved and the consequential insurance premia. In several cases, the Railway Risk rates are twice the Owners' Risk rates which shows that the conditions of carriage of goods on railways are not satisfactory necessitating such a large cover. If however, that is not the case, the difference needs to be reduced.

14. While on this subject of rates the Committee may point out that since the question of classification and freights is of vital importance to trade, industries and agriculture of the country, it is essential that there should be an independent Tribunal possessing judicial authority to judge the fairness of rates as between commercial and industrial interests concerned

and the railways. Such a body exists in every country with a large railway system and enjoys wide powers in regard to the disposal of the complaints pertaining to the levy of rates and charges, the provision of facilities for transport, classification of merchandise, packing conditions etc. Where in a country like India, the State owns the Railways and also operates several of them, it is obvious that the greatest care should be taken to ensure that the body appointed by Statute to fix rates and hear complaints about Railway charges etc., is constituted in such a manner that it is independent of the influence of the administrative department of Government in charge of railways. Indian requirements will only be satisfied by the abolition of the existing Railway Rates Advisory Committee and the substitution in its place of a Statutory Tribunal as recommended long ago by the Acworth Committee which will have the status and the authority of a High Court of Judicature in all matters pertaining to the law of transport. The Tribunal, however, should be a business Tribunal and not a mere Court of Law. The Committee trust that the present Railway Enquiry will result in the establishment of such a Tribunal.

15. The Committee would also like to mention here a few of the common difficulties experienced by the mercantile community in connection with the transport of goods over the railways.

- (a) It has been a standing grievance of the commercial community that the various Risk Notes in use on the railways are not only very stringent and require modifications in their form to make them more suitable and equitable to trade but considerable inconvenience is also felt by the consignors due to the unjustifiable insistence of the railway authorities for the execution of such risk notes, particularly the Risk Note "A". The Committee had recently taken up the question with the Railway Board and the different railways and though they are glad to have been assured by the various railways that measures are being taken to prevent any indiscriminate and unjustifiable demand for the execution of Risk Note

"A", the evil is so prevalent that the Committee have deemed it advisable to draw your attention to this subject.

- (b) Another important matter which they would like to point out is the difficulty experienced by the mercantile community in the settlement of claims against the railways. Unusual delay in the settlement of claims and refund of money is a source of great inconvenience to the traders and often considerable amount of money is kept locked up with the railways. It is worthwhile considering whether an impartial surveyor should not be appointed to assess damage. The charges might be shared equally by railways and consignors.
- (c) The lack of uniformity in the packing regulations and conditions applicable to the various classes of goods is another source of inconvenience to the trading community. The Committee are of opinion that packing conditions should be made uniform for all railways in India.
- (d) Apart from these instances of inconvenience felt by the traders, the prevalence of corruption in the shape of demand of illegal gratification by the railway staff and of pilferage is a matter to which the Committee would like to invite your particular attention. The existence of these evils puts both the mercantile community and the railways to a loss and has been a source of considerable annoyance to the public and is one of the reasons for the diversion of traffic from railways to motor transport. The Committee are sure that if such practices are put down with a strong hand, railways would be able to attract a considerable amount of traffic.

16. Similar is the case with passenger traffic. The Committee cannot do better, in this connection, than refer to some pertinent observations of the present Commerce and Railway

Member at the last annual meeting of the Indian Railway Conference Association held on 21st November, 1936 when he stated that complaints, in many cases well-founded and justified, continue to reach the Government of lack of consideration, want of courtesy and absence of helpfulness on the part of the railway staff towards passengers on some systems. Sir Zafrullah Khan added that much still remained to be done in this respect and there was a great deal of room for improvement in the arrangements for the booking of third class passengers, in the standard of cleanliness in the third class waiting-halls and carriages as well as in the timings and connections of trains. He also stated that the task of framing time tables on the railways was approached in too mechanical a spirit and emphasised that the convenience of the travelling public must always be the ruling consideration which, however, he admitted is not infrequently overlooked. The Committee may also point out the difficulties experienced by the public in connection with the reservation of carriages, specially at intermediate stations. Marriage and pilgrim parties are known to be cut down for want of proper facilities. The Committee are sure that the railways could attract a considerable amount of additional passenger traffic if they would only pay proper attention to the needs of the public and take initiative in offering adequate facilities for travel. For instance, the system of the reservation of seats in third class compartments in certain trains on the E. I. Railway at Howrah has been of much use to and has been largely availed of by the public, at the same time giving additional revenue to the railway. The railways could also develop additional traffic by rendering proper facilities for travel to good and cheap health resorts and places of pilgrimage for the Indian public. The whole question, in fact, is not merely one of technical details but of the spirit underlying the administration which needs to be radically altered. The railway authorities must cease to consider themselves as bureaucrats or monopolists and the railways must function as a public utility service run and managed on economic principles and not as a Government Department, whose officers are masters of the public. The cost of production in various industries such as, steel, cotton textile, sugar etc., has been substantially brought down by all possible measures of economy and there is no reason why the railways

should not similarly be able to conduct their administration more efficiently while cutting down their costs.

17. As regards the question of ways and means by which economies could be effected in railway expenditure, the Committee cannot naturally go into all the technical details. Economy could no doubt be secured and should be secured by the elimination of waste in every shape and form whether in the rate of purchase of materials or the use of materials or by increase in the productivity of labour of the men employed. They would, however, refer to some of the more important issues which should be carefully and thoroughly considered in order to achieve this object. It is necessary to add that the points mentioned below are by no means exhaustive and are meant to illustrate the possibilities of economies in various directions :—

- (i) The amalgamation and grouping of railways recommended by the Acworth Committee sixteen years ago has still not been taken in hand though there is no doubt that it would lead to considerable economy. For instance, the E. I. and E. B. Railways, the M. & S. M. and S. I. Railways and the G. I. P. and the B. B. & C. I. Railways could be amalgamated, which, it is understood, could secure a reduction in the working expenses of railways of nearly a crore of rupees per annum. The Pope Committee also recommended that one of the methods of making any major savings in the working expenses of railways would be by means of amalgamation of the various systems. Owing to the common state-ownership of railways in India, their grouping is a comparatively simple matter and so far as the Company-managed railways are concerned, the necessary arrangements could be arrived at with them and they should be brought up. It would mean giving to the private companies some fraction of the savings which would follow amalgamation. Great Britain and Germany have passed through the difficult phase of amalgamating their railways from a number of different undertakings into four and one respectively. The benefits of railway consolidation have also been

recognised in America. The principle of grouping such as those enunciated by the American Act could be followed when it would be possible to secure a much greater uniformity in rates and fares than now and simultaneously to provide for each group earning a reasonable return on its total investments. The grouping of railway system would also greatly facilitate the solution of many of the problems relating to the charges of rates and fares on the basis of a uniform telescopic scale of mileage rate calculated on the continuous mileage. It would give an equality of opportunity to the agents entrusted with the administration of railway groups to show results on a comparable basis and would show up inefficiency where it exists. Amalgamation of railways in India would be a much easier and more profitable proposition than in some of the Western Countries.

- (ii) The reduction in the number of divisions on State-owned railways which duplicate work, could achieve a saving of nearly Rs. 30 lakhs and although the Retrenchment Sub-Committee of 1931 recommended this measure, the proposal has not yet been favourably considered by the railways, despite the fact that divisional system does not exist on the company-managed railways.
- (iii) The Committee have already referred to the disproportionate increase in the cost of the staff and the high scales of salaries prevailing in the country. The Committee are aware that the scales of salaries were recently revised but consider that the whole subject deserves to be re-examined. There are two scales of pay on railways both for superior and subordinate establishments. The higher rates (old rates of pay) apply to all who were in service a few years ago when the rates of pay were introduced. The old scales are 30 to 50 percent higher than the new scales and were fixed soon after the War when the prices were very high. They were further



enhanced by the grant of overseas allowance, Leave passages etc. Considerable economy can be effected in the establishment charges on railways if a large number of the personnel is brought under the new scales of pay. In any event, the existing scales of railway expenditure on establishment need to be examined and revised with a view to reduce the establishment charges of the railways which are already inflated without any relation to the amount of transportation work involved. The Committee have to draw your particular attention to the system of Time-Scale of Pay which is in existence on the Railways. This system of graded scale not only involves the railways in increasing expenditure every year, but also removes any incentive on the part of the employees for increased efficiency. In this connection, the committee reiterate the imperative need of speedy and thorough Indianisation, particularly in the higher services of the railways. The Committee are of opinion that any further recruitment outside the country, except for such technical posts for which Indians of requisite qualifications may not be available at present, should be stopped and as the scales of salaries of Indian officers would be fixed in accordance with the economic conditions of the country, Indianisation would also secure economy in expenditure. The Committee regret to note here that instead of further Indianisation of the Railway Board it is now going to be without any Indian on it.

- (iv) The Committee also suggest that a thorough enquiry should be made into the rates at which work is done in each division or district as compared with rates paid by others for similar work. There is a widespread impression that railways pay unnecessarily high rates. An independent examination is called for in their own interest and stricter control and supervision is required to prevent loss to Government due to negligence and fraud.

(v) The question of effecting economy in purchase of railway stores by its being done through the Indian Stores Department instead of a separate department for railway stores and by a careful checking and reduction of the balance of stores with the different railways, requires close and thorough investigation.

(vi) The Committee are further of opinion that advantage should be taken of the prevailing low rates of interest to purchase the Company-managed lines whose contracts allow them to be purchased and particularly those lines which are approaching the end of their contract period. The Committee consider that it should be possible to come to a business arrangement with each of the Companies and buy them up, and they hold that the amalgamation of separate railways already referred to above would be facilitated if such purchases are now made. In this connection, the Committee regret to note the recent action of the Secretary of State for India in extending the contracts of the M. & S. M. and the B. & N. W. Railways. The taking over of the company-managed railways is the accepted policy of the Government since the Acworth Committee recommended this course. In February last, the Legislative Assembly also adopted a resolution recommending to the Governor General "not to extend the Contracts" of the M. & S. M. and the B. & N. W. Railways both of which expire in the year 1937. The action of the Secretary of State in going against this recommendation is unfortunate and the Committee trust that it does not indicate any departure from the policy of the Government in the purchase of Company-managed railways and hope that the matter would be reconsidered so as to terminate the contracts at as early a date as possible.

18. In regard to the question of establishing effective co-ordination between road and rail transport, the Committee

consider that it is essential for the railways to view the competition of motor transport in its proper perspective instead of regarding it as an intruder in its own preserve. While the Committee do not deny that co-ordination of transport services is, in principle, necessary and would not object to any reasonable regulations of motor transport in the interests of public safety or public convenience, they are strongly opposed to any unfair restriction on the development of road transport with a view to prevent its effective competition with the railways. The railways should consider ways and means of improving their own administration instead of devising methods of eliminating what they regard as unhealthy but what is, in fact, an absolutely legitimate form of competition. The Committee have, in this connection, to refer to the observations of Sir Joseph Bhore, the late Commerce Member, in 1935 when he welcomed motor competition. "Scientific research may quite conceivably and perhaps sooner than we imagine cut down by a substantial margin to-day's operating costs of motor transport and," he said, "whatever may be the strictly narrow railway view of such competition, present and prospective, we must all admit that in the larger interests of the country it is good that it exists *for only through such rivalry can the public be assured maximum efficiency in service at a minimum cost.*" The Committee would also refer to the remarks of Sir Zafrullah Khan, the present Commerce Member, who in his speech during the General discussion on the railway budget in the Legislative Assembly stated on 19th February last that "in the fact of that competition (*viz.*, motor competition) there is nothing inherently to be sorry about it either on behalf of the railways or generally on behalf of the country." The Commerce Member added that "*this form of transport has come to stay and this form of transport serves many purposes which the railways would not be able to serve if it went out of use altogether.*" The Committee cannot in the light of past experience help observing that competition from the road seems to have been the primary incentive for the railways to try to develop efficiency and to be responsive to the needs and demands of the public. They have no doubt that but for such motor competition there would hardly have been any inducement on the part of the railways to provide more frequent and improved train services or to reduce freight rates and fares.

If such competition is eliminated by imposing onerous conditions and undue restrictions on road transport, assuming even that such a course is feasible, it would tend to make the railways, relapse into monopolistic apathy, if not inefficiency, involving enhancement of rates and fares to the prejudice of the public and the business interests. The mercantile community therefore, strongly disapprove of any proposal designed to drive out motor competition under the plea of co-ordination of road and rail transport. Motor competition is not *unhealthy per se* but, on the contrary, motor lorry is a safe, quick and cheap method of transport and is being increasingly used for carriage of goods. The public do not by any means view with equanimity the control of motor transport which in several cases is imposed at the instance of the railways because they are apprehensive of the extent to which the control may be enforced. It has been alleged by the railway authorities that they have to provide the permanent ways but their competitors, namely, motor transport, use the ways supplied from public revenue. The contention is, however, not strictly correct. For, as pointed out in the report of Messrs. Mitchell and Kirkness, the total tax paid by all kinds of motor transport in India amounts to about Rs. 8.30 crores per year while more recent estimates suggest that motor transport contributes something like Rs. 10 crores in taxation in one form, or another. Moreover, the railway revenue itself is benefited at present from the motor industry to the extent of nearly Rs. 1 crore, which would be lost in the event of restriction of motor transport. The Railways, as a transport service, must earn their way as efficient carriers on their own merits and not seek to take refuge behind their privileged position *vis-a-vis* the Government. It is unfair and uneconomical for one mode of transport to seek to regulate another directly or indirectly merely because it has enjoyed a monopoly for a long period. The Committee might observe in this connection that the consent and co-operation of Provincial Governments are being obtained to a programme of restriction of road transport by utilising the observations in the Report of Sir Otto Niemeyer in regard to "the early establishment of effective co-ordination between the various modes of transport as a vital element in the whole Provincial problem." In other words, the railways are

trying to put pressure on the Provincial Governments to co-operate with them in restricting motor competition by giving them the hope of earlier relief which the Provinces are entitled to expect. The Committee regret to note that in India the road-rail competition, as it is called, is sought to be controlled and restricted by the more powerful and organised of the two services, namely, the railways. It cannot be gainsaid that one of the reasons of the rapid development of motor transport has been the uneconomic and excessive rates charged by the railways as well as the treatment meted out to third class passengers by the railway subordinates. The Committee are strongly of opinion that the whole question of road-rail competition should be approached from a broad view-point of the interests of the country and as a question of securing the most economical means of transport for passengers and commodities and not merely as a problem of balancing the railway budget. The Committee would in this connection, invite your attention to the significant fact that although India probably possesses a greater potential road mileage than any other country in the world and though by far the greater proportion of the population is concentrated in rural areas, road development—and through it, the improvement of the conditions under which a majority of the population lives,—has never yet been considered from a national view-point. The Committee do not see any objection to the railways having their own motor transport in order to assist road traffic provided, of course, such motor transport does not compete with private agencies carrying on this traffic. The Committee consider that the fundamental causes of the present difficulties of the railways lie elsewhere than in road competition whose nature and effects are misunderstood and exaggerated in order to bolster up railway finance. For instance, diversion of traffic to a cheaper and more convenient form of transport is inevitable while it must not also be forgotten that roads have acted as feeders to railways and brought them some additional traffic. The railways must accustom themselves to changed economic conditions and new forms of competition and must adjust their working expenses to their revenue and to the standard of living obtaining in the country.

19. The Committee, in conclusion, have to reiterate that railways in India should regard themselves less as an administrative department of the Government than as a commercial organisation which should be fully cognizant of the needs and requirements of the public and promptly responsive to them and should be held responsible for the consequences of its policies. Its entire scale of expenditure demands not only the closest scrutiny in order to prevent any wastage but a radical re-adjustment on the basis of Indian economy which demands a cheaper administration. The Railway Enquiry Committee, as constituted at present, is without any Indian businessmen upon it and the Committee submit that the responsibility of your Committee, of safeguarding the interests of the commercial community by ensuring a thorough overhaul is, therefore, all the greater. The Committee trust that their views as set forth above will receive your careful consideration.

Yours faithfully,

S. R. DHADDA,

*Offg. Secretary.*

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